

**VGP CORPORATION LIMITED**

(Formerly Verticon Company Limited)

**ABN 53 111 398 040**

**Annual Report**

**For the year ended**

**30 June 2014**

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## **CORPORATE INFORMATION**

This annual report covers both VGP Corporation Ltd (ABN 53 111 398 040) as an individual entity and the consolidated entity comprising VGP Corporation Ltd and its subsidiaries.

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 22/03/13  
Kasudjono Harianto - Appointed 22/03/13  
Michael Thirnbeck - Appointed 23/12/13  
Alberto Migliucci – Appointed 13/10/14

### **Company Secretary**

Eryn Kestel - Appointed 22/03/13

### **Registered Office**

2B William Street  
NORTH SYDNEY NSW 2060

### **Principal place of business**

2B William Street  
NORTH SYDNEY NSW 2060

### **Share Register**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

### **Legal Advisors**

Allion Legal  
123 Pitt Street  
Sydney NSW 2000

### **Auditors**

Deloitte Touche Tohmatsu  
Level 14, Woodside Plaza  
240 St Georges Terrace  
PERTH WA 6000

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# VGP CORPORATION LIMITED – ANNUAL REPORT

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## **CORPORATE GOVERNANCE STATEMENT**

### **Background**

The board of directors is responsible for the corporate governance of VGP Corporation Ltd (the Company) and its controlled entities (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 VGP Corporation 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.

A number of the principles previously adopted by the Company were not consistently adhered to during the period from July 2010 to June 2014. During this period, the Company, was placed in voluntary administration (May 2011), entered into a deed of company arrangement (DOCA) (Sep 2011) and into an amended DOCA and Creditors Trust (Jan 2013). The Company has been suspended from quotation from the ASX since March 2011.

The Board aims to achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time, given the above circumstances the Company does not have sufficient resources to adopt and improve its corporate governance practices at present.

It is the new Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

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

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to June 2014.

On resumption of quotation of securities on the ASX, it is the Board's intention to ensure 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 will set 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 will delegate 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 will 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;

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- 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.

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

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to June 2014.

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 the current stage of uncertainty in relation to the future operations of the Company requires the Company to have a board, which has more of a hands-on and technical experience in order to stabilise the Company.

It is noted that the Company's board composition is not in keeping with the commentary and guidance to Best Practice Recommendations 2.1. However, the Board is committed to follow the guidance to Best Practice Recommendations 2.1 by appointing independent directors to the Board once the future direction of the Company is resolved.

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.

One-third of the Board retires and makes themselves available for re-election at the following AGM, with the exception of the Chief Executive Officer. No Director, with the exception of the Chief Executive Officer, is allowed to retain office for more than 3 years without submitting himself or herself for re-election.

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.

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## **CORPORATE GOVERNANCE STATEMENT**

### **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 Remuneration and Nomination Committee, however, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year.

Although the Board established an Audit and Risk Management Committee, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year. The small size and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting with the same efficiency as an Audit and Risk Management Committee.

Consequently, the Company does not comply with Best Practice Recommendations. However the Board will keep this position under review.

### **Summary**

In summary, the Company does not meet the requirements of Principle 2 of the Corporate Governance Guidelines in that:

(i) The Board does not comprise a majority of independent Directors; and

(ii) The Chairperson is not an independent Director.

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 VGP Corporation Limited. However, the Board will constantly monitor and review the situation.

### **Principle 3: Promote ethical and responsible decision-making and recognise the legitimate interests of stakeholders**

For the reasons outlined above this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to June 2014.

### **Code of Conduct & Ethics**

The Company had a Code of Conduct, which sets the standards in accordance with which each director, manager and employee of the Company is expected to act. The code is communicated to all levels of the Company and deals with areas such as professional conduct, customers/consumers, suppliers, advisers/regulators, competitors, the community and the employees.

In addition to the Code of Conduct, the Company also had a Directors' Code of Ethics, which sets out particular issues relevant to directors' obligations to the Company.

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## **CORPORATE GOVERNANCE STATEMENT**

### **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.

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

For the reasons outlined above this principle previously adopted by the Company was not consistently adhered to during the period from July 2010 to June 2014.

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.

### **Executive Certification**

Historically the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are required to and have provided assurance to the Board stating that the financial statements and reports of the Company:

- Present a true and fair view, in all material respects, of the operating results and financial condition in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001;
- Are founded on a system of risk management and internal compliance and control, and these are operating efficiently and effectively in all material aspects.

However, as stated above, the principles previously adopted by the Company were not adhered to during the period from July 2010 to June 2014 - including the requirement to obtain assurance from the CEO and the CFO that the financial statements present a true and fair view, in accordance with the Australian Accounting Standards and are founded on a system of risk management and internal compliance and control. It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX — including the requirement to obtain assurances from the CEO and the CFO in relation to the financial statements, systems of risk management and internal controls — in stages as the Company grows and its circumstances change over time.

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

Although the Board established an Audit and Risk Management Committee, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year. The Board believes a separate audit committee in a company of this size with the absence of independent Directors would be of little value. The small size of the company and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting with the same efficiency as an audit committee,

The Board is committed to following the Best Practice Recommendation 4.3, and will establish an independent Audit & Risk Management Committee once independent Directors are appointed and the Company increases in size.

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## **CORPORATE GOVERNANCE STATEMENT**

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

Historically, the Company's market disclosure policy is to ensure that shareholders and the market are fully informed of the Company's strategy performance and details of any information or events that could be material to the value of the Company's securities. The Company is committed to ensuring that all information that may have a material impact on the Company's share value is disclosed to the market in a timely and balanced manner.

The Chief Executive Officer and the Company Secretary, in consultation with the Board, are responsible, for the review, authorisation and disclosure of information to the ASX and for overseeing and coordinating information disclosures to the ASX, shareholders, brokers, analysts, the media and the public.

The Company ensures that it also complies with the requirements of the Listing Rules of the Australian Stock Exchange ("ASX") and the Corporations Act in providing information to shareholders through:

- The half-yearly report to the ASX;
- The annual Report which is distributed to the ASX and to shareholders prior to the AGM;
- The AGM and other meetings called to obtain approval from shareholders where appropriate;
- Ad-hoc releases to the ASX as required under the ASX Listing Rules.

However, for the period July 2010 to June 2014, the Company did not comply with this principal in a timely manner. Half yearly reports of the periods December 2011, December 2012 and December 2013 were reported to the ASX in July 2014. The annual reports for the years ending June 2011, June 2012, and June 2013 were distributed to the ASX in July 2014. The annual reports for the year ended June 2014 is anticipated to be distributed to the ASX in November 2014.

The AGM for years June 2011, June 2012 and June 2013 were held on 20 November 2014.

The AGM for the financial year ended 30 June 2014 is anticipated to be held in February 2015.

It is the Board's intention to apply all principles previously adopted in a timely manner on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

### **Principle 6: Respect the rights of shareholders Communication to shareholders**

The Company recognises the rights of its shareholders 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 shareholders are delivered in accordance with this strategy and with our policy of continuous disclosure.

The Company strives to communicate with shareholders and other stakeholders in a regular manner as outlined in Principle 5 of this statement. However as stated above, in the period from July 2010 to June 2014 the Company did not communicate with shareholders and other stakeholders in a timely manner.

The Board encourages participation of shareholders at the Annual General Meeting or any other shareholder meetings to ensure a high level of accountability and identification with the Company's strategy and goals.

Shareholders 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.

### **Annual General Meeting**

Historically, the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

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.

It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX and implement all of the Best Practice Recommendations in stages as the Company grows and its circumstances change.



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## **CORPORATE GOVERNANCE STATEMENT**

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

#### **Risk management responsibilities**

The Company's risk management framework is designed to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

As no member has been appointed to the Audit & Risk Management Committee, the Board is responsible for reviewing and ratifying the system of risk management, internal compliance and control, codes of conduct and legal compliance.

Historically, the Board delegates to the Chief Executive Officer and the Chief Financial Officer the responsibilities for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

In the period July 2010 to June 2014, the Board did not receive a report from management as required under section 295A of the Corporation Act that the Company's risk management framework is effective for the Company's purpose.

As disclosed on page 4, the principles previously adopted by the Company were not always adhered to during the period from July 2010 to June 2014. It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

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

#### **Remuneration responsibilities**

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.

The Board determines any changes to the remuneration of key executives on an annual basis.

Due to the size of the Board of Directors, the Company has not appointed any Directors to the remuneration committee.

The Board determines and reviews compensation arrangements for the Directors and the executive team.

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## DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2014.

## 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 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 like 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, and holds a board position with AAT Corporation Ltd, a company listed on the ASX. 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 also a Director of IndoNoble Pte Ltd; a Singapore investment holding and management company for various mining businesses in Indonesia and Asia. He currently 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 Alberto Migliucci**, (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).

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## DIRECTORS' REPORT

### Company Secretary

**Ms Eryn Kestel** appointed 22 March 2013.

Ms Kestel holds a Bachelor of Business and is a professionally qualified Certified Practising Accountant with over 15 year's practical experience.

She currently provides Independent Company Secretarial Services and corporate compliance guidance to a number of WA and interstate based ASX-listed companies.

**Mr Sam Fink** appointed 6 May 2011, resigned 22 March 2013.

Mr Fink has been involved in commercial and retail property development.

### PREVIOUS DIRECTORS

**Mr David Goldberger** (Non-Executive Director) resigned 22 March 2013

Mr Goldberger has extensive experience in petrol retailing, property development and construction.

**Mr David Wieland** (Non-Executive Director) resigned 22 March 2013

Mr Wieland has extensive experience in petrol retailing, property development and construction.

**Mr Sam Fink** CPA (Non-Executive Director) resigned 22 March 2013

Mr Fink has been involved in commercial and retail property development.

**Mr Steven Nicols** (Non-Executive Director) appointed 22 March 2013, resigned 8 January 2014

Mr Nicols is a CPA with a Bachelor of Commerce and is the principal of Nicols & Brien, a specialised insolvency practice with offices in Sydney and Wollongong. He provides advice to businesses for the purposes of reconstruction or profit enhancement. He has recapitalised 13 ASX listed entities. Mr Nicols has held directorships on a number of ASX listed companies.

**Mr Bruce Garlick** CPA (Non-Executive Director) appointed 3 December 2013, resigned 17 December 2013

Mr Garlick has more than 25 years' experience in the mining, oil and gas and engineering industries, both internationally and locally. He has held senior financial positions in Australia, Zimbabwe, Europe, USA and China. Mr Garlick has extensive experience with financing, and has secured complex funding deals for large projects. He is a member of CPA Australia and a Fellow of the Chartered Institute of Secretaries.

### 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, 22 board meetings were held.

Directors	Board of Directors	
	Held	Attended
Yuen Loke Chin	7	7
Kasudjono Harianto	7	7
Michael Thirnbeck	6	6
Bruce Garlick*	-	-
Steven Nicols^	2	2

\*Resigned on 17 December 2013

^Resigned on 8 January 2014

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## **DIRECTORS' REPORT**

### **PRINCIPAL ACTIVITIES**

During the 2013 financial year, the Company entered into, and was cleared from, a Deed of Company Arrangement and was released from Administration. The Company then commenced seeking investment opportunities.

### **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 VGP Corporation Limited was \$64,364 (2013's net profit: \$35,990,386).

On 29 July 2013, the Company lodged an Appendix 4C for the June 2013 Quarter.

On 31 October 2013, the Company lodged an Appendix 4C for the September 2013 Quarter.

On 3 December 2013, the Company appointed Mr Bruce Garlick as a Director and lodged an Initial Director's Interest Notice for Mr Bruce Garlick.

On 17 December 2013, the Company announced that Mr Bruce Garlick had resigned as a Director and lodged a Final Director's Interest Notice for Mr Bruce Garlick.

On 23 December 2013, the Company appointed Mr Michael Thirnbeck as a Director and lodged an Initial Director's Interest Notice for Mr Michael Thirnbeck.

On 31 December 2013, the Company entered into a loan agreement with Petra Commodities Pte Ltd for \$25,600 at 12% per annum interest 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 8 January 2014, Mr Steven Nicols resigned as a Director

On 14 January 2014, the Company lodged a Final Director's Interest Notice for Mr Steven Nicols.

On 31 January 2014, the Company lodged an Appendix 4C for the December 2013 Quarter.

On 21 February 2014, the Company advised the ASX of changes to both its principal place of business address and registered office address.

On 17 March 2014, the Company issued notice of a general meeting to be held 15 April 2014 for the purpose of:

- Removing PricewaterhouseCoopers as the Company Auditor
- Appointing Deloitte Touche Tohmatsu as the new Company Auditor

On 15 April 2014, the above proposals were approved by the shareholders.

On 28 April 2014, the Company lodged an Appendix 4C for the March 2014 Quarter.

On 12 June 2014, Petra Commodities Pte Ltd ceased to be a substantial shareholder in the Company

On the same date, Petra Pacific Pte Ltd became a substantial shareholder in the Company.

On 18 July 2014, the Company released its Interim Financial Reports for the half-year ended 31 December 2011, December 2012 and December 2013.

On the same date, the Company also released its Annual Reports for the financial year ended 30 June 2011, June 2012 and June 2013.

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### DIRECTORS' REPORT

On 31 July 2014, the Company lodged an Appendix 4C for the June 2014 Quarter.

On 03 September 2014, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$150,000 at 12% per annum interest 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 13 October 2014, the Company appointed Alberto Migliucci as a Director and lodged an initial Director's Interest notice for Alberto Migliucci.

On 17 October 2014, the Company issued notice of 2014 Annual General Meeting to be held on 20 November 2014 for the purpose of:

- Adoption of 2011 to 2013 Annual Financial Reports
- Re-election of Mr Yuen Loke Chin, Kasudjono Harianto, and Michael Thirnbeck as Directors
- Election of Mr Alberto Migliucci as Director
- To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act.

On 20 November 2014, the above proposals were approved by the shareholders

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the following significant changes in the state of affairs materially impacted on the Company's operations:

On 3 December 2013, the Company appointed Mr Bruce Garlick as a Director and lodged an Initial Director's Interest Notice for Mr Bruce Garlick.

On 17 December 2013, the Company announced that Mr Bruce Garlick had resigned as a Director and lodged a Final Director's Interest Notice for Mr Bruce Garlick.

On 23 December 2013, the Company appointed Mr Michael Thirnbeck as a Director and lodged an Initial Director's Interest Notice for Mr Michael Thirnbeck.

On 31 December 2013, the Company entered into a loan agreement with Petra Commodities Pte Ltd for \$25,600 at 12% per annum interest 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 8 January 2014, Mr Steven Nicols resigned as a Director.

On 14 January 2014, the Company lodged a Final Director's Interest Notice for Mr Steven Nicols.

On 21 February 2014, the Company advised the ASX of changes to both its principal place of business address and registered office address.

On 17 March 2014 the Company issued notice of a general meeting to be held 15 April 2014 for the purpose of:

- Removing PricewaterhouseCoopers as the Company Auditor
- Appointing Deloitte Touche Tohmatsu as the new Company Auditor

On 15 April 2014, the above proposals were approved by the shareholders.

On 12 June 2014, Petra Commodities Pte Ltd ceased to be a substantial shareholder in the Company

On the same date, Petra Pacific Pte Ltd became a substantial shareholder in the Company.

On 03 September 2014, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$150,000 at 12% per annum interest and repayable on the earlier of:

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

## FOR THE YEAR ENDED 30 JUNE 2014

### DIRECTORS' REPORT

- 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 13 October 2014, the Company appointed Alberto Migliucci as a Director and lodged an initial Director's Interest notice for Alberto Migliucci.

On 17 October 2014, the Company issued notice of 2014 Annual General Meeting to be held on 20 November 2014 for the purpose of:

- Adoption of 2011 to 2013 Annual Financial Reports
- Re-election of Mr Yuen Loke Chin, Kasudjono Harianto, and Michael Thirnbeck as Directors
- Election of Mr Alberto Migliucci as Director
- To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act.

On 20 November 2014, the above proposals were approved by the shareholders.

### SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 18 July 2014, the Company released its Interim Financial Reports for the half-year ended 31 December 2011, December 2012 and December 2013.

On the same date, the Company also released its Annual Reports for the financial year ended 30 June 2011, June 2012 and June 2013.

On 31 July 2014, the Company lodged an Appendix 4C for the June 2014 Quarter.

On 03 September 2014, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$150,000 at 12% per annum interest 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 13 October 2014, the Company appointed Alberto Migliucci as a Director and lodged an initial Director's Interest notice for Alberto Migliucci.

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- Adoption of 2011 to 2013 Annual Financial Reports
- Re-election of Mr Yuen Loke Chin, Kasudjono Harianto, and Michael Thirnbeck as Directors
- Election of Mr Alberto Migliucci as Director
- To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act.

On 20 November 2014, the above proposals were approved by the shareholders

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is progressing efforts to become a natural resources exploration and development company, and working towards obtaining the re-quotations of its shares on the ASX, subject to satisfying Chapters 1 and 2 of ASX Listing Rules and other regulatory requirements.

### 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.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## DIRECTORS' REPORT

### 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.

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

As at the date of this report, none of the directors hold any shares or warrants (options) in the Company.

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

The Company did not hold an insurance policy to insure the Directors and Officers of the company and its controlled entities against the liabilities to other persons that may arise from their position.

### 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

This report outlines the remuneration arrangements in place for directors and key management personnel of VGP Corporation Ltd. As detailed above the Company have new Directors and a new board has been appointed.

The Directors of VGP Corporation Limited during or since the end of the financial year ended 30 June 2014 were:

<b>Name</b>	<b>Position</b>	<b>Appointment</b>	<b>Ceased</b>
Alberto Migliucci	Non-executive director	October 2014	
Michael Thirnbeck	Non-executive director	December 2013	
Yuen Loke Chin	Non-executive director	March 2013	
Kasudjono Harianto	Non-executive director	March 2013	
Steven Nicols	Non-executive director	March 2013	8 January 2014
Bruce Garlick	Non-executive director	December 2013	17 December 2013
Sam Fink	Non-executive director	April 2006	22 March 2013
David Goldberger	Non-executive director	October 2004	22 March 2013
David Wieland	Non-executive director	October 2004	22 March 2013

### Remuneration philosophy

The Remuneration and Nomination Committee comprises a minimum of two 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.

#### *Executive Directors and key management personnel*

Executive remuneration and their term of employment are reviewed annually by the Board having regard to performance against pre-agreed objectives, relevant comparative information and independent expert advice.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the various parts of the business.

Remuneration and other terms of employment for the Managing Director and key management personnel are formalised in employment agreements. Each of these agreements provides for the provision of a Fixed Remuneration Package (FRP) component and a Short Term Incentive (STI) component.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## DIRECTORS' REPORT

a) Fixed Remuneration Package (FRP)

FRP comprises a fixed based salary and superannuation component and is reviewed annually by the Board.

b) Short Term Incentive (STI)

STI comprises a variable target component and is paid following the audit of the Company's accounts and a review of individual performance against Key Performance Indicators (KPI's) set at the beginning of each financial year.

### 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.

### Employment Details of Members of Key Management Personnel

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 and the proportion of remuneration received in the form of options:

Key Management Personnel	Position held as at 30 June 2014 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	Total
			Non-salary cash-based incentives	Options	Fixed Salary/ Fees	
			%	%	%	%
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



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## DIRECTORS' REPORT

Key Management Personnel	Position held as at 30 June 2013 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 Steven Nicols	Director (Non-Executive)+#	No fixed term	-	-	100	100

\* Appointed 23 December 2013

+ Appointed 22 March 2013

# Resigned 8 January 2014

### Other Key Management Personnel

The employment contracts in place for all other key management personnel contain provisions whereby the employment relationship can be terminated by either party at any time, with or without notice and with or without cause.

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

2014	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of VGP Corporation Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Michael Thirnbeck	-	-	-
Bruce Garlick*	-	-	-
Steven Nicols**	-	-	-

\* Resigned 17 December 2013. Balance at the end of the year represents balance held at this date.

\*\* Resigned 8 January 2014. Balance at the end of the year represents balance held at this date.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## DIRECTORS' REPORT

2013	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of VGP Corporation Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Steven Nicols	-	-	-
David Goldberger*	32,705,983	-	32,705,983
David Wieland*	32,705,983	-	32,705,983
Sam Fink*	386,000	-	386,000

\* Resigned 22 March 2013. Balance at the end of the year represents balance held at this date.

### Remuneration Report

Mr Michael Thirnbeck, Mr Yuen Loke Chin and Mr Kasudjono Harianto were not paid any remuneration for the year ended 30 June 2014 & 30 June 2013.

### Options granted as part of remuneration

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

### NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the period are set out below.

The Board of Directors has considered the position and, in accordance with the resolution of the directors, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

The following fees were paid or payable to Deloitte Touche Tohmatsu for non-audit services provided during the year ended 30 June 2014: \$nil

The fees paid or payable for services provided by the auditor of VGP Corporation Limited and non-related audit firms, for the year ended 30 June 2013, is \$nil

# **VGP CORPORATION LIMITED – ANNUAL REPORT**

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## **DIRECTORS' REPORT**

### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 20 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**

**16 December 2014**

The Board of Directors  
VGP Corporation Limited  
2B William Street  
North Sydney, NSW 2060

16 December 2014

Dear Board Members

### **VGP Corporation 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 VGP Corporation Limited.

As lead audit partner for the audit of the financial statements of VGP Corporation Limited for the year ended 30 June 2014, 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



**Chris Nicoloff**  
Partner  
Chartered Accountant

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2014 \$	2013 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
Other income	7	-	-
Professional fees		(35,339)	(34,975)
Payment to creditors trust		-	(150,000)
ASX listing fee		(22,067)	(14,945)
Other expenses		(5,422)	(11,694)
Write off of negative net assets at 31 December 2010 value		-	36,202,000
Finance Costs		(1,536)	-
<b>Profit/(Loss) before income tax</b>	7	(64,364)	35,990,386
Income tax expense	8	-	-
<b>Profit/(Loss) for the year</b>		(64,364)	35,990,386
<b>Other comprehensive income:</b>		-	-
<b>Total comprehensive income for the year</b>		(64,364)	35,990,386
<b>Net (loss)/profit attributable to:-</b>			
Owners of the Company		(64,364)	35,990,386
<b>Total comprehensive income attributable to:-</b>			
Owners of the Parent		(64,364)	35,990,386
<b>Earnings/(Loss) per share</b>			
<b>From continuing operations:</b>			
Basic earnings/(loss) per share (cents)	21	(0.06)	125.34
Diluted earnings /(loss)per share (cents per share)	21	(0.06)	125.34

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

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

AS AT 30 JUNE 2014

## STATEMENT OF FINANCIAL POSITION

	Note	2014	2013
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	265	3,443
Trade and other receivables	10	10,489	5,195
<b>TOTAL CURRENT ASSETS</b>		<b>10,754</b>	<b>8,638</b>
<b>TOTAL ASSETS</b>		<b>10,754</b>	<b>8,638</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	40,462	1,768
Borrowings	12	28,285	500
<b>TOTAL CURRENT LIABILITIES</b>		<b>68,747</b>	<b>2,268</b>
<b>TOTAL LIABILITIES</b>		<b>68,747</b>	<b>2,268</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>(57,994)</b>	<b>6,370</b>
<b>EQUITY</b>			
Issued capital	13	53,103,984	53,103,984
Accumulated losses	14	(53,161,978)	(53,097,614)
<b>TOTAL EQUITY</b>		<b>(57,994)</b>	<b>6,370</b>

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

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## STATEMENT OF CHANGES IN EQUITY

	Issued capital	Accumulated losses	Total
	\$	\$	\$
<b>Balance at 1 July 2012</b>	52,886,000	n/a	n/a
Total Comprehensive Income	-	35,990,386	35,990,386
Recognition of accumulated losses to 31 December 2010	-	(89,088,000)	(89,088,000)
Shares issued during the year	220,000	-	220,000
Capital raising costs	(2,016)	-	(2,016)
<b>Balance at 30 June 2013</b>	<b>53,103,984</b>	<b>(53,097,614)</b>	<b>6,370</b>
<b>Balance at 1 July 2013</b>	53,103,984	(53,097,614)	6,370
Total Comprehensive Income	-	(64,364)	(64,364)
Shares issued during the year	-	-	-
Capital raising costs	-	-	-
<b>Balance at 30 June 2014</b>	<b>53,103,984</b>	<b>(53,161,978)</b>	<b>(57,994)</b>

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

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## STATEMENT OF CASH FLOWS

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(30,963)	(215,041)
<b>Net cash provided by (used in) operating activities</b>	10(b)	(30,963)	(215,041)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	220,000
Capital raising costs		-	(2,016)
Proceeds from/(repayment of) borrowings		27,785	500
<b>Net cash provided by (used in) financing activities</b>		27,785	218,484
Net increase/(decrease) in cash held		(3,178)	3,443
Cash and cash equivalents at beginning of financial year		3,443	-
<b>Cash and cash equivalents at end of financial year</b>	10(a)	265	3,443

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



# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## NOTES TO THE FINANCIAL STATEMENTS

This financial report includes the consolidated financial statements and notes of VGP Corporation Limited (the Company) and its controlled entities ('Company') and the separate financial statements and notes of VGP Corporation Limited as an individual parent entity ('Parent Entity').

### NOTE 1: GENERAL INFORMATION

VGP Corporation Limited (the Company) is a listed public companies incorporated in Australia. The address of its registered office and principal is as follow:

**Registered office**  
2b William Street  
North Sydney  
NSW 2060  
Australia  
Tel: +61 299223317

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'	1 January 2013	30 June 2014
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

### 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*.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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) Maintenance of accounting records**

The directors note the following events have taken place since the date of signing of the 30 June 2010 financial report by the previous directors:

- On 23 March 2011, the Company's shares were suspended from trading on the Australian Securities Exchange (ASX).
- On 11 May 2011, the Company was placed in Administration and appointed Messrs Matthew Wayne Caddy & Peter McKenzie Anderson of McGrathNicol as Joint & Several Administrators of the Company.
- On 17 August 2011, the Company entered into an agreement with RAK Capital Pty Ltd (RAK) to recapitalise the Company (Recapitalisation Deed). This proposal was not able to be completed by RAK.
- On 6 September 2011, the Company executed a Deed of Company Arrangement (DOCA). The DOCA was subject to satisfaction of a number of conditions precedent including obtaining shareholder approval in favour of the recapitalisation proposal. Pursuant to the deed, Messrs Matthew Wayne Caddy & Peter McKenzie Anderson became Joint and Several Administrators of the Company.
- On 28 August 2012, a new proposal from a different investment Company, represented by Benelong Capital Partners Pty Ltd (Benelong), for the restructure and recapitalisation of the Company was submitted to Messrs Matthew Wayne Caddy & Peter McKenzie as Joint & Several Administrators of the Company (Recapitalisation Proposal).
- On 23 January 2013, the Creditors of the Company agreed to the Recapitalisation Proposal, and the DOCA was amended in order to effect the terms of the Recapitalisation Proposal.
- On 20 February 2013, the details of the Proposal with respect to shareholder interests in the recapitalised and reconstructed Company were announced. They were as follows:
  - The new investor to receive approximately ninety-four (94) per cent interest in the Company; and
  - Existing shareholders to receive approximately six (6) per cent interest in the Company

The above recapitalisation and reconstruction was subject to certain resolutions being passed. The above proposal was put to shareholders for voting at the Extraordinary General Meeting (EGM) held on 22 March 2013.

- On 22 March 2013, the above proposal with respect to shareholder interests in the recapitalised and reconstructed Company was approved by the shareholders. On this date, the company was released from Administration and the outstanding creditors' debt of \$36.42m extinguished.

Two of the current directors were appointed in March 2013, one in December 2013 and the other in October 2014. The current directors have been able to locate certain records prior to the date that the Company was released from Administration, being 22 March 2013. However, the directors have been unable to ascertain and satisfy themselves as to the completeness and accuracy of the accounting and statutory records.

On release from Administration on 22 March 2013, the directors have recognised the write back of the consolidated entity's net asset deficiency position as at 31 December 2010 of \$36.202m in the statement of profit or loss and comprehensive income and have recognised the accumulated losses position of \$89.088m in the statement of financial position and statement of changes in equity.

The directors believe that there is sufficient and complete information available from 22 March 2013 to enable the directors to prepare the statement of financial position as at 30 June 2013 and 30 June 2014.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (c) Going Concern Note

The financial report has been prepared on a going concern basis which assumes the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The directors have prepared cash flow forecast (which includes corporate and administration expenses only) for a period of 12 months from the date of signing of this financial report and the directors are aware of the company's need to access additional working capital funds to enable the company to fund its ongoing corporate and administration expenses and to seek new business ventures.

Petra Commodities Pte. Ltd became a substantial shareholder of the company on completion of the Proposal in March 2013 (refer to Note 1(b)) and plan on reviewing new projects to vend into the company. Petra commodities Pte. Ltd then transferred its shares in the Company to a related entity, Petra Pacific Pte. Ltd in June 2014. When a new business opportunity is presented and selected by the directors of the company, additional funding will need to be obtained and the requirements of Chapters 1 and 2 of the Australian Securities Exchange ('ASX') Listing Rules will need to be completed in order for the company to obtain its requote on the ASX.

Petra Pacific Pte. Ltd has agreed that if the company is unable to pay its debts, Petra Pacific Pte. Ltd. will pay the company's liabilities on its behalf for at least 12 months from the date of signing this financial report. The directors have received further loan funds of \$150,000 in September 2014 respectively, which is sufficient to meet the ongoing corporate and administration expenses of the company for the period of at least 12 months from the date of signing this financial report.

Accordingly, the directors consider that the preparation of the financial report on the going concern basis is appropriate.

#### (d) 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.

#### (e) 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 consolidated financial statements are presented in Australian dollars, which is VGP Corporation 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 consolidated 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.

##### Company companies

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (f) 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.

##### **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.

#### (g) Trade and other receivables

Trade receivables for the activities which generally have 30 to 90 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.

#### (h) 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.

#### (i) 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.

#### (j) 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 consolidated 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.

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## NOTES TO THE FINANCIAL STATEMENTS

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

#### **(k) 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.

#### **(l) 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.

#### **(m) Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life, or over the lesser of the assets useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

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## NOTES TO THE FINANCIAL STATEMENTS

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

#### (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.

##### 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.

##### *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included 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.)

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

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## NOTES TO THE FINANCIAL STATEMENTS

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

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as 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 consolidated 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.

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 consolidated 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.

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**FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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.

#### **(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.



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FOR THE YEAR ENDED 30 JUNE 2014

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (aa) Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial statements, following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2014:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (December 2009), AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9'  AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'  AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'  AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2017	30 June 2018
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'	1 January 2014	30 June 2015
AASB 1031 'Materiality' (2013)	1 January 2014	31 December 2014
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	31 December 2014

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
IFRS 9 Financial Instruments	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.

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## NOTES TO THE FINANCIAL STATEMENTS

### 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	2014 \$	2013 \$
<b>Financial assets</b>			
Cash and cash equivalents	10	265	3,443
<b>Total financial assets</b>			
<b>Financial liabilities</b>			
Trade and other payables	12	40,462	1,768
Borrowings	13	28,285	500
<b>Total Financial liabilities</b>		68,747	2,268

#### 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 commodity price risk, 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 (commodity and 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.

#### 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. Refer to note 2 for more details of the going concern position of the company.

#### 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.

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## NOTES TO THE FINANCIAL STATEMENTS

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

#### *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.

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year to 30 June 2014</b>		
+/- 100 basis points in interest rates	3	3
<b>Year to 30 June 2013</b>		
+/- 100 basis points in interest rates	34	34

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. The Directors do not believe there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### NOTE 6: SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the consolidated entity. The board of directors have concluded that at this time the company is only performing corporate activities and information similar to the financial statements presented in the financial report are received by them, to manage and allocate their resources.

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NOTES TO THE FINANCIAL STATEMENTS

## NOTE 7: REVENUE AND OTHER INCOME

	2014 \$	2013 \$
<b>Income</b>		
Sale of goods	-	-
	-	-
Other revenue		
Interest received	-	-
	-	-
<b>Expenses</b>		
Depreciation	-	-
Professional fees	35,339	34,975
ASX listing fees	22,067	14,945
Payment to creditors trust	-	150,000

## NOTE 8: INCOME TAX

	2014 \$	2013 \$
<b>a. The components of tax expense/(benefit) comprise:</b>		
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% (2013: 30%)	(19,309)	10,797,116
Non-assessable income	-	(10,860,600)
Non deductible amounts	19,309	53,977
Tax losses not recognized	-	9,507
	-	-

## NOTE 9: CASH & CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at bank and in hand	265	3,443

# VGP CORPORATION LIMITED – ANNUAL REPORT

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9: CASH & CASH EQUIVALENTS (CONT.)

#### 10(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:

	2014 \$	2013 \$
Cash at bank and in hand	265	3,443

#### 10(b) Reconciliation of Cash Flows from Operations with Profit after income Tax

Profit/(Loss) after income tax	(64,364)	35,990,386
<i>Non-cash flows in profit:</i>		
Depreciation and amortisation	-	-
Write off negative net asset position at 31 December 2010	-	(36,202,000)
<b>Operating profit/(loss) before changes in working capital and provisions</b>	<b>(64,364)</b>	<b>(211,614)</b>
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(5,294)	(5,195)
Increase/(decrease) in trade and other payables	38,695	1,768
<b>Net cash flow from operations</b>	<b>(30,963)</b>	<b>(215,041)</b>

### NOTE 10: TRADE AND OTHER RECEIVABLES

	2014 \$	2013 \$
<b>CURRENT</b>		
Trade receivables	-	-
Other receivables	10,488	5,195
Total current trade and other receivables	10,488	5,195

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No such allowance has been recognised as an expense for the current year.

### NOTE 11: TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
Other payables	40,462	1,768

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

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: BORROWINGS - CURRENT

	2014	2013
	\$	\$
Balance at beginning of year	500	500
Loan – Petra Commodities Pte Ltd	27,785	-
Balance at end of financial year	<u>28,285</u>	<u>500</u>

On 31 December 2013, the Company entered into a loan agreement with Petra Commodities Pte Ltd for \$25,600 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 03 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

### Note 13: ISSUED CAPITAL

#### a) Issued and paid up capital

	2014	2013
	\$	\$
Fully paid ordinary shares at the beginning of the year	53,103,984	52,886,000
Shares issued during the year	-	220,000
Capital raising costs	-	(2,016)
Fully paid ordinary shares at end of the year	<u>53,103,984</u>	<u>53,103,984</u>

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.

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## NOTES TO THE FINANCIAL STATEMENTS

### Note 13: ISSUED CAPITAL (CONT.)

	2014 No.	2013 No.
<b>b) Movement in shares on issue</b>		
Balance at beginning of financial year	106,587,499	125,157,358
1:19 share consolidation	-	(118,570,129)
Shares issued during the year:		
10 April 2013	-	97,000,000
18 April 2013	-	3,000,270
Balance at end of financial year	106,587,499	106,587,499

On 22 March 2013, in an Extraordinary General Meeting of shareholders, the company passed a motion to consolidate the existing company shares on a one for nineteen basis.

On 10 April 2013, the Company issued 97 million shares at AUD \$0.0022 per share, totaling AUD \$213,400. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013.

On 18 April 2013, the Company issued 3 million shares at AUD \$0.0022 per share, totaling AUD \$6,600. The shares were issued as part of the recapitalisation of the Company to an unrelated sophisticated investor as approved by Shareholders at the General Meeting held on 22 March 2013. 270 shares were also issued as an administrative adjustment.

### NOTE 14: ACCUMULATED LOSSES

	2014 \$	2013 \$
Balance at beginning of year	(53,097,614)	n/a
Total comprehensive income for the year	(64,364)	35,990,386
Recognition of accumulated losses to 31 December 2010	-	(89,088,000)
Balance at end of financial year	(53,161,978)	(53,097,614)

### NOTE 15: 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 2014.

The key management personnel during the year ended 30 June 2014 were:

Mr Yuen Loke Chin

Mr Kasudjono Harianto

Mr Michael Thirnbeck

Mr Steven Nicols – resigned 4 January 2014

Mr Bruce Garlick – resigned 17 December 2014

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) (CONT.)

The key management personnel during the year ended 30 June 2013 were:

Mr Yuen Loke Chin

Mr Kasudjono Harianto

Mr Steven Nicols

Mr Sam Fink – resigned 22 March 2013

Mr David Goldberger – resigned 22 March 2013

Mr David Wieland – resigned 22 March 2013

Mr Michael Thirnbeck, Mr Yuen Loke Chin and Mr Kasudjono Harianto were not paid any remuneration for the year ended 30 June 2014 & 30 June 2013.

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

2014	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of VGP Corporation Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Michael Thirnbeck	-	-	-
Bruce Garlick*	-	-	-
Steven Nicols**	-	-	-

\* Resigned 17 December 2013. Balance at the end of the year represents balance held at this date.

\*\* Resigned 8 January 2014. Balance at the end of the year represents balance held at this date.

2013	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of VGP Corporation Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Steven Nicols	-	-	-
David Goldberger*	32,705,983	-	32,705,983
David Wieland*	32,705,983	-	32,705,983
Sam Fink*	386,000	-	386,000

\* Resigned 22 March 2013. Balance at the end of the year represents balance held at this date.

### NOTE 16: DIVIDENDS

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



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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 17: AUDITOR'S REMUNERATION

The remuneration of auditors will be paid in the year ended 30 June 2014 as part of the completion of the audits and half-year reviews for recompliance of the Company's reporting requirements.

	2014	2013
	\$	\$
Audit or review of financial statements	15,826	-
	<hr/> 15,826	

### NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At the date of this report, the Company is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137 (2013: \$nil) .

### NOTE 19: RELATED PARTIES

On recapitalisation and release from Administration on 22 March 2013, Petra Commodities Pte Ltd owned 91% of the issued ordinary shares of VGP Corporation Limited. Petra Commodities Pte Ltd then transferred its shares in the Company to its wholly owned subsidiary, Petra Pacific Pte Ltd in June 2014. On 12 June 2014, Petra Pacific Pte Ltd becomes the Company's substantial shareholder.

#### The Company's main related parties are as follows:

- i) *Key management personnel:*  
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.  
For details relating to key personnel, refer to Note 16.
- ii) *Entities subject to significant influence by the Company:*  
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.
- iii) *Other related parties:*  
Other related parties include entities over which key management personnel have joint control.

#### Transactions with other 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 2014:

- \$27,785 was lent to VGP Corporation Limited from Petra Commodities Pte Ltd. See note 13 for more details.

The following transactions occurred with related parties associated with Mr Steve Nicols during 2013 financial year:

- A fee of \$13,853 (GST incl.) was paid to Nicols and Brien for services connected with the recapitalisation of the Company.

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 19: RELATED PARTIES (CONT.)

During the previous year, \$500 was lent to VGP Corporation Ltd from Petra Commodities Pte Ltd. See note 13 for more details.

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

### NOTE 20: SUBSEQUENT EVENTS

On 3 September 2014, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$150,000 at 12% per annum interest 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 VGP Corporation Ltd raises sufficient surplus funds to continue as a going concern

On 13 October 2014, the Company appointed Alberto Migliucci as a Director and lodged an initial Director's Interest notice for Alberto Migliucci

On 17 October 2014, the Company issued notice of 2014 Annual General Meeting to be held 20 November 2014 for the purpose of:

- Adoption of 2011 to 2013 Annual Financial Reports
- To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act

On 20 November 2014, the above proposals were approved by the shareholders.

### NOTE 21: 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:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Profit/(Loss) for the year attributable to members	(64,364)	35,990,386

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 21: EARNINGS PER SHARE (CONT.)

	2014	2013
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	106,587,499	28,713,310
Effect of dilution	-	-
Convertible bonds	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	106,587,499	28,713,310

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account.

### NOTE 22: NAME CHANGE

On 22 March 2013, a resolution was carried at the EGM to change the name of the company from Verticon Company Limited to VGP Corporation Limited.

### NOTE 23: COMMITMENTS

The Company has no commitments as at 30 June 2014 and 30 June 2013.

# VGP CORPORATION LIMITED – ANNUAL REPORT

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**FOR THE YEAR ENDED 30 JUNE 2014**

## **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 consolidated entity's financial position as at 30 June 2014 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 2011.

We draw to your attention to the disclosure in note 3(b) of the financial statements regarding the available accounting records and uncertainty of source documentation.

Signed in accordance with a resolution of the board of directors of VGP Corporation Ltd



**Yuen Loke Chin**

**Director**

**16 December 2014**

# Independent Auditor's Report to the Members of VGP Corporation Limited

## Report on the Financial Report

We have audited the accompanying financial report of VGP Corporation Limited, which comprises the statement of financial position as at 30 June 2014, 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 21 to 44.

### *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 VGP Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Basis for Qualified Opinion*

As disclosed in Note 3(b) to the financial report, the Company's securities were suspended from official quotation on the Australia Securities Exchange (ASX) on 23 March 2011. On May 2011, the Company was placed into voluntary administration and appointed Messrs Matthew Wayne Caddy & Peter McKenzie Anderson of McGrathNicol as Joint & Several Voluntary Administrators. On 6 September 2011, the Company executed a Deed of Company Arrangement with its creditors (amended on 23 January 2013) and was released from Administration on 22 March 2013.

As stated in Note 3(b) to the financial report, the accounting and statutory records from 1 July 2010 to 22 March 2013, when the Company was released from Administration, were not adequate to permit the application of necessary audit procedures. As the accounting and statutory records are not adequate to obtain sufficient appropriate evidence regarding the amounts and disclosures of the comparative amounts disclosed in 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 30 June 2013, we are unable to express an audit opinion on the comparative amounts disclosed in those statements and notes thereto.

## *Qualified Opinion*


In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of VGP Corporation Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the entity's financial position as at 30 June 2014 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 entity's financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

## **Report on the Remuneration Report**

The Remuneration Report is included in pages 15 to 18 of the directors' report for the year ended 30 June 2014. 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.

  
DELOITTE TOUCHE TOHMATSU

  
**Chris Nicoloff**  
Partner  
Chartered Accountants  
Perth, 16 December 2014

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

**FOR THE YEAR ENDED 30 JUNE 2014**

## **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 30 June 2014.

### **1. Shareholdings**

#### a. Distribution of Shareholders

<b>Category</b>	<b>Number of equity security holders</b>	
	<b>Ordinary shares</b>	
1 - 1,000		322
1,001 - 10,000		178
10,001 - 100,000		43
100,001 and over		9

b. The number of shareholdings held in less than marketable parcel is 552.

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

<b>Shareholder</b>	<b>Number Ordinary</b>
Petra Pacific Pte Ltd	97,000,000

#### 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,

# VGP CORPORATION LIMITED – ANNUAL REPORT

(Formerly Verticon Group Limited)

FOR THE YEAR ENDED 30 JUNE 2014

## 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	Petra Pacific Pte Ltd	97,000,000	91.01
2	Taraville Pty Ltd	3,439,841	3.23
3	Diamond Mountain Wealth Corp	3,000,000	2.81
4	N. R. & L. J. Henderson	400,436	0.38
5	Mrs Fiona Helen Torrington	308,805	0.29
6	Mr Teira Mason	128,274	0.12
7	Zarvale Pty Ltd	124,695	0.12
8	Abela Company Pty Ltd	102,874	0.10
9	Emadale Pty Ltd	100,386	0.09
10	Mr Trevor Neil Hay	99,252	0.09
11	Mr Jose Martim Rodrigues	81,351	0.08
12	Mr Bradley Victor Skelton	79,581	0.07
13	Pennys Pty Ltd	73,630	0.07
14	M & M Pagliari	71,053	0.07
15	Manar Nominees Pty Ltd	67,737	0.06
16	Kellason Pty Ltd	66,316	0.06
17	Skydene Pty Ltd	66,316	0.06
18	Arcelia Pty Ltd	57,406	0.05
19	Eternal Search Pty Ltd	47,243	0.04
20	J & D Farrugia Nominees Pty Ltd	43,860	0.04
		<hr/>	
		105,359,056	98.85

## 2. Stock Exchange Listing

Quotation has been granted for all the ordinary shares and options 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.