

## Appendix 4E Preliminary Final Report

Rule 4.3A  
Introduced 1/1/2003

Name Of entity : RedChip International Limited  
ABN : 53 111 398 040

### 1. Details of the Reporting Period

Reporting Period ("current period") : Year ended 30 June 2016  
Previous corresponding period : Year ended 30 June 2015

### 2. Result for announcement to the market

		Amount Change AUD\$	Change %
Revenue from ordinary activities	Up	277,174	22,156.2%
Profit/(Loss) from ordinary activities after tax attributable to members	Down	(400,697)	309.15%
Net Profit/(Loss) for the period attributable to members	Down	(400,697)	309.15%

#### Explanation of Revenue from ordinary activities

Revenue for the year ended 2016 is revenue from the RedChip business which only commenced in the last quarter of the financial year. Revenue for the year ended 2015 is Interest income.

#### Explanation of Profit/(loss) from ordinary activities after tax

The loss from ordinary activities in 2016 increased by 309.15% due to the commencement of the RedChip business which resulted in additional expenses being incurred such as the CEO's salary cost, costs associated with re-compliance with Chapters 1 and 2 of the ASX Listing Rules, support services agreement expenses with RedChip Companies Inc. and the amortisation of the licence purchased from RedChip Companies Inc.

Dividend	Amount Per Share Cents	Franked amount Per Share Cents
Final	-	-
Interim	-	-

Record date for determining entitlements to dividends: N/A

**3. Statement of Profit or Loss and Other Comprehensive Income**

	Note	2016 \$	2015 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
Business income	3a	272,639	-
Other income	3a	5,786	1,251
Professional fees		(239,847)	(71,009)
ASX listing fee		(27,582)	(27,501)
Employment expenses		(189,089)	-
Support Services Agreement		(93,931)	-
Amortisation expense		(162,295)	-
Other expenses		(69,625)	(14,283)
Interest on related party loan		(26,367)	(18,072)
<b>Profit/(Loss) before income tax</b>		<b>(530,311)</b>	<b>(129,614)</b>
Income tax expense	3b	-	-
<b>Profit/(Loss) for the year</b>		<b>(530,311)</b>	<b>(129,614)</b>
<b>Other comprehensive income/(loss):</b>			-
<b>Total comprehensive income/(loss) for the year</b>		<b>(530,311)</b>	<b>(129,614)</b>
<b>Net loss attributable to:-</b>			
Owners of the Company		(530,311)	(129,614)
<b>Total comprehensive income/(loss) attributable to:-</b>			
Owners of the Parent		(530,311)	(129,614)
<b>Loss per share</b>			
<b>From continuing operations:</b>			
Basic earnings/(loss) per share (cents)		(1.35)	(0.12)
Diluted earnings/(loss) per share (cents)		(1.35)	(0.12)

**3a. Revenue and Other Income**

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

**3b. Income Tax**

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

**4. Statement of Financial Position**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,896,886	82,342
Trade and other receivables		309,110	5,352
<b>TOTAL CURRENT ASSETS</b>		<u>2,205,996</u>	<u>87,694</u>
<b>NON CURRENT ASSETS</b>			
Intangible assets		5,837,705	-
Office equipment		3,756	-
Investments		23,450	-
<b>TOTAL NON CURRENT ASSETS</b>		<u>5,864,911</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>8,070,907</u>	<u>87,694</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4a	180,812	37,876
Borrowings	4b	-	28,285
<b>TOTAL CURRENT LIABILITIES</b>		<u>180,812</u>	<u>66,161</u>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	4c	-	209,141
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>-</u>	<u>209,141</u>
<b>TOTAL LIABILITIES</b>		<u>180,812</u>	<u>275,302</u>
<b>NET LIABILITIES</b>		<u>7,890,095</u>	<u>(187,608)</u>
<b>EQUITY</b>			
Issued capital		61,770,160	53,103,984
Accumulated losses	4d	(53,880,065)	(53,291,592)
<b>TOTAL EQUITY/(EQUITY DEFICIENCY)</b>		<u>7,890,095</u>	<u>(187,608)</u>

**4a. Trade and Other Payable**

	2016 \$	2015 \$
Interest payable on related party loan	-	19,608
Other payables	-	18,268
<b>Total current trade and other payables</b>	<u>-</u>	<u>37,876</u>

**4b. Borrowings- Current**

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

**4c. Borrowings- Non Current**

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

**4d. Accumulated Losses**

	2016	2015
	\$	\$
Balance at beginning of year	(53,291,592)	(53,161,978)
Total comprehensive loss for the year	(530,311)	(129,614)
Adjustment on conversion of loan to shares and extinguishment of loan	(58,162)	-
Balance at end of financial year	<u>(53,880,065)</u>	<u>(53,291,592)</u>

**5. Statement of Cash Flows**

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

**6. Statement of changes in equity**

	Issued capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2014	53,103,984	(53,161,978)	(57,994)
Total Comprehensive Loss	-	(129,614)	(129,614)
<b>Balance at 30 June 2015</b>	<b>53,103,984</b>	<b>(53,291,592)</b>	<b>(187,608)</b>
Balance at 1 July 2015	53,103,984	(53,291,592)	(187,608)
Total Comprehensive Loss	-	(530,311)	(530,311)
Extinguishment of Petra Pacific loan	-	-	346,641
Conversion of Petra Commodities loan to equity	-	(58,162)	(58,162)
Shares issued	8,940,000	-	8,940,000
Costs of issuing equity	(273,824)	-	(273,824)
<b>Balance at 30 June 2016</b>	<b>61,770,160</b>	<b>(53,880,065)</b>	<b>7,890,095</b>

**7. Dividends**

There is no dividend paid during the year ended 30 June 2016.

**8. Dividend reinvestment plans**

There is no dividend paid during the year ended 30 June 2016.

**9. Net Tangible assets**

RedChip International Ltd purchased \$3,756 of computer equipment during the year ended 30 June 2016.

**10. Details of entities over which control has been gained or lost**

N/A

**11. Details of associates and joint venture entities**

N/A

**12. Any Other significant information**

### Intellectual Property Deed

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

### Deferred Consideration

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

### Support Services Agreement

As part of the Support Services Agreement entered into between RedChip Companies Inc and RedChip International Ltd, RedChip International Ltd is committed to paying \$800,000 to RedChip Companies Inc for the support services that have been agreed between the two parties as follows:

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

### Loan Conversions

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

## 13. Accounting Standard – for foreign entities

N/A

## 14. Results for the period

### 14.1 Earnings per security

	2016	2015
	\$	\$
Profit/(Loss) for the year attributable to members	(530,311)	(129,614)
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	39,291,867	26,647,058
Effect of dilution	1,420,765	-
Weighted average number of ordinary shares adjusted for the effect of dilution	40,712,632	26,647,058

**14.2 Returns to shareholders**

N/A

**14.3 Significant features of operating performances**

N/A

**14.4 Trends in performance**

Revenue for the year ended 30 June 2016 is revenue from the RedChip business which commenced in the last quarter of the financial year. Revenue for the year ended 30 June 2015 is Interest income.

The loss from ordinary activities in 2016 increased by 309.15% due to the commencement of the RedChip business which resulted in additional expenses being incurred such as the CEO's salary cost, costs associated with re-compliance with Chapters 1 and 2 of the ASX Listing Rules, support services agreement expenses with RedChip Companies Inc. and the amortisation of the licence purchased from RedChip Companies Inc.

**14.5 Any other factors which have affected the results in the period or which are likely to affect results in the future including those where the effect could not be quantified**

N/A

**15. Compliance Statement**

This report is based on accounts that are currently being audited by Deloitte Touche Tohmatsu.

**16. If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.**

N/A

On behalf of the board of Directors



Yuen Loke Chin  
Director

26 August 2016