VOLT POWER GROUP LIMITED

009 423 189

STATEMENT OF FINANCIAL POSITION
(REVIEWED)

AS AT 7 JUNE 2017

STATEMENT OF FINANCIAL POSITION

As at 7 June 2017

	Ref.	$
CURRENT ASSETS		
Cash and cash equivalents		3,600,123
Trade and other receivables		-
Prepayments		12,412
TOTAL CURRENT ASSETS		**3,612,535**
Property, plant and equipment		10,885
TOTAL NON-CURRENT ASSETS		**10,885**
TOTAL ASSETS		**3,623,420**
CURRENT LIABILITIES		
Trade and other payables	2	46,849
Interest bearing loans and borrowings		-
Other current liabilities	1	666,327
TOTAL CURRENT LIABILITIES		**713,176**
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings		-
TOTAL NON-CURRENT LIABILITIES		**-**
TOTAL LIABILITIES		**713,176**
NET ASSETS		**2,910,244**
SHAREHOLDERS' EQUITY		
Share capital		67,814,945
Reserves		5,868,723
Retained losses		(70,773,424)
TOTAL SHAREHOLDERS' EQUITY		**2,910,244**

References:

1. The liability of $666,327 is with respect to costs incurred by ECM in relation to the Recapitalisation Proposal and Deed of Company Arrangements for both Enerji Holdings Pty Ltd and Enerji Ltd. This liability will be repaid to ECM immediately upon the shares of Volt Power Group Limited (ASX:VPR) being reinstated on the ASX.
2. The liability of $46,849 is with respect to accruals for directors' fees for the period from 1 May 2017 to 7 June 2017.

The accompanying notes form part of this financial statement.

NOTES TO THE FINANCIAL STATEMENT

As at 7 June 2017

1 Reporting entity

Volt Power Group Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Unit B9,431 Roberts Rd, Subiaco WA 6008. This consolidated financial statement of the Company as at 7 June 2017 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities"). The Group is primarily focused on power generation technology and solutions.

2 Basis of preparation

(a) Statement of compliance

The Statement of Financial Position as at 7 June 2017 has been prepared for the reinstatement of Volt Power Group Limited to the Australian Stock Exchange (ASX). The Statement has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 101: Preparation of Financial Statements

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 110: Events after the Balance Sheet Date

AASB 1048: Interpretation and Application of Standards.

No other applicable Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The following is a summary of the material accounting policies adopted by the Company in the preparation of this Statement:

(i) Basis of consolidation

The consolidated financial statement comprises the financial statement of the Company and its subsidiaries as at 7 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. Existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) Cash

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(iii) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Plant and equipment (Construction in progress assets and fittings and equipment) 5 years
- Computers (Office furniture, fittings and equipment) 4 years
- Fixtures and fittings (Construction in progress assets) 10 years
- Major components (Construction in progress assets) 10 - 15 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) Liabilities

Liabilities for the Group comprises non-derivative financial liabilities. The Group recognises financial liabilities (including liabilities designated at fair value through profit or loss) initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has non-derivative financial liabilities comprising trade and other payables and loans, which are recognised initially at fair value and subsequently at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group has an obligation to make future payments in respect of the purchase of these goods and services.

(v) Provisions

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

(vi) GST

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

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

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

(vii) Income Tax

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

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

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

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

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

(viii) Equity

Ordinary shares

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

(b) Basis of measurement

The consolidated financial statement has been prepared on the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statement is presented in Australian dollars, which is the functional currency of the Company and its subsidiaries.

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT ASSURANCE PRACTIONER'S REVIEW REPORT

To the members of Volt Power Group Limited

Report on the Statement of Financial Position

We have reviewed the attached Consolidated Statement of Financial Position of Volt Power Group Limited as at 7 June 2017(the Statement). The Statement has been prepared for the Australian Stock Exchange ("ASX") in relation to the reinstatement of Volt Power Group Limited to the ASX.

Directors' Responsibility for the Statement

The directors' are responsible for the preparation of the Statement and have determined that the basis of preparation (Note 2) is appropriate for the needs of the ASX. This responsibility includes establishing and maintaining internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the Statement based on our review. We have conducted our review in accordance with Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Statement is not prepared, in all material respects, in accordance with the basis of preparation (Note 2). No opinion is expressed as to whether the basis of preparation used is appropriate for the needs of the ASX.

ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statement of Volt Power Group Limited as at 7 June 2017 is not prepared, in all material respects, in accordance with the basis of preparation (Note 2) used.

BDO Audit (WA) Pty Ltd

BDO
JPrue

Jarrad Prue

Director

Perth, 7 June 2017