VOLTAGE IP LIMITED
ABN 83 057 884 876
AND CONTROLLED ENTITIES

ANNUAL REPORT

30 JUNE 2007

VOLTAGE IP LIMITED ABN 83 057 884 876
AND CONTROLLED ENTITIES
FINANCIAL REPORT – 30 JUNE 2007

CONTENTS

Your directors present their report on Voltage IP Limited ("VIP") and its controlled entities for the financial year ended 30 June 2007.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Name	
Mr Andrew Fox	
Mr Adrian Palmer	
Mr Roger Currie	Appointed 14 June 2007
Mr Neil Steggall	Appointed 14 June 2007 Resigned 7 December 2007
Mr Mike Evans	Resigned 7 August 2007
Mr John Pitcher	Resigned 14 June 2007

Directors have been in office from the start of the financial year to the date of this report unless stated otherwise.

COMPANY SECRETARY

Mr Adrian Palmer holds Master of Arts, Master of Laws and a Graduate Diploma in Computer Science from Cambridge University. Mr Palmer was appointed Company Secretary on 9 June 2006. Mr Palmer is a management consultant specialising in Treasury and Electricity Risk Management.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year was providing a complete suite of Unified Communications Solutions as well as a range of mobile content and data services, through the Virtualplus and Messagepoint brands.

The following significant changes in the nature of the principal activities occurred during the financial year:

- the economic entity ceased providing a complete suite of Unified Communications Solutions and a range of mobile content and data services with the sale of Voltage Telecom (UK) Limited and Virtualplus Limited; and

- with the purchase of Agrivest Properties Pty Ltd, the economic entity acquired an investment in agricultural assets and business. This investment was diluted to 5% on 8 December 2007. It was further diluted to 2.79% on 21 December 2007.

There were no other significant changes in the nature of the principal activities of the economic entity during the financial year.

OPERATING RESULTS

The consolidated loss of the economic entity after providing for income tax amounted to $3,353,001 (2006: profit of $715,824).

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend that any dividend be declared for the year. Since the end of the previous financial year no dividends were declared and paid.

REVIEW OF OPERATIONS

In June the Economic Entity negotiated the sale of its two London-registered group companies, Virtualplus Ltd and Voltage Telecom (UK) Ltd, for a total consideration ofA$2.355m, while retaining the Australian side of the business, Virtualplus (Asia) Pty Ltd. The sale of Voltage Telecom (UK) Ltd was completed on 22 June 2007 and the sale of Virtualplus Limited was effective 29 June 2007 and completed 8 August 2007. The proceeds from both these transactions were used to retire Economic Entity debt.

The Virtualplus and Voltage Telecom sale crystallised a loss of $2,135,000, namely the difference between its carrying book value of $4,370,000 and the sale price. However Virtualplus was the principal reason for the

Economic Entity's loss for the financial year of $3,353,001 and there was limited scope to secure funding to continue to fund the business, which would then have probably been worthless. Also, the sale allowed the Economic Entity to reduce dramatically total debt to below $1m and the interest cost burden accordingly.

The consolidated net asset position of the Economic Entity deteriorated by $3,241,193 from $2,169,069 of net assets at the start of the year to net liabilities of $1,072,124 at year end. The Economic Entity generated revenues during the year of $2,789,049 and a net loss attributable to members of $3,353,001. Extracting the effect of the sale of Virtualplus Ltd and Voltage Telecom (UK) Ltd and the distribution of the shares of UC Investors Inc the operating revenues were $79,683 generating a loss of $865,247. This loss included $228,510 of interest, $281,208 of legal fees and settlement costs incurred by eliminating legacy issues and the due diligence costs of the aborted TKM exercise.

It should be noted that the Economic Entity has $996,550 of debt as at 30 April 2008 (down from $2,683,550 on 30 June 2007) and is continuing to work well with its secured creditor, Info Investments Pty Ltd, to ensure this is not an obstacle to the Company's future plans.

FINANCIAL POSITION

The net assets of the economic entity have decreased by $3,241,193 from 30 June 2006 to ($1,072,124) in 2007. This decrease has largely resulted from the disposal of Virtualplus Limited.

The entity's working capital, being current assets less current liabilities, has improved from ($2,160,714) in 2006 to $96,478 in 2007.

The directors believe the economic entity is in a position for future growth.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

1. On 21 September 2006 VIP issued 38,177 Ordinary Shares at $1.00 each, in settlement of Directors Fees to Non-Executive Directors for the period 1 January 2006 to 30 June 2006.
2. On 5 March 2007 VIP issued 3,000 Ordinary Shares at 45 cents each, in settlement of outstanding fees to a creditor.
3. On 19 March 2007 VIP issued 3,667 Ordinary Shares at 45 cents each, in settlement of outstanding fees to a creditor.
4. On 25 May 2007 VIP issued 500,000 Ordinary Shares at 20 cents each, in settlement of a claim for damages which arose from a performance guarantee given on behalf of a former subsidiary.

Changes in controlled entities and divisions:

1. The Economic Entity acquired an interest in Agrivest Properties Pty Ltd effective 14 June 2007, this interest was diluted on 8 December 2007.
2. The Economic Entity disposed of its interest in Voltage Telecom (UK) Limited effective 22 June 2007.
3. The Economic Entity disposed of its interest in Virtualplus Limited effective 29 June 2007.

AFTER BALANCE DATE EVENTS

On 8 December 2007 the A Class shares of Agrivest Properties Pty Ltd were converted into ordinary shares, thereby diluting the Economic Entity's interest in Agrivest Properties Pty Ltd from 100% to 5%. This investment was further diluted to 2.79% on 21 December 2007.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly effect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Board continues to seek new business assets to bring into the Company to create value for shareholders.

ENVIRONMENTAL ISSUES

The economic entity's operations are not subject to significant environmental regulation under the laws of the Commonwealth and its Territories.

INFORMATION ON DIRECTORS

AM Fox	Chairman
Qualification	MA (Cantab) Economics and Land Economy
Experience	Mr Fox has twenty years of experience in the financial markets, and holds the position of Chairman of Tiger Securities Ltd in Vladivostok in the Russian Federation, where he also serves as British Honorary Consul.
Interest in shares and options	1,947,129 Ordinary Shares in VIP 600 Convertible Notes expiring 31 March 2008
Directorships held in other listed entities	Nil
A Palmer	Non-Executive Director and Company Secretary
Qualification	Master of Arts, Master of Laws and a Graduate Diploma in Computer Science
Experience	Mr Adrian Palmer holds Master of Arts, Master of Laws and a Graduate Diploma in Computer Science from Cambridge University. Mr Palmer is a management consultant specialising in Treasury and Electricity Risk Management
Interest in shares and options	76,726 Ordinary Shares in VIP
Directorships held in other listed entities	Nil
R Currie	Non-Executive Director
Qualification	Nil
Experience	Mr Roger Currie has specialised for over 30 years in the underwriting of Risk Management and Credit Enhancement through international insurance and capital markets. In 1997 he founded Risk Solutions International, a specialist insurance broker. In 2000 he also co-founded RSI Capital, a specialist finance provider. Mr Currie's role is predominantly to advise the Board on matters of risk management and finance.
Interest in shares and options	17,630 Ordinary Shares in VIP
Directorships held in other listed entities	Nil

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of VIP and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of VIP is to ensure that the remuneration package properly reflects the duties and responsibilities of each director or executive, and are competitive in attracting, retaining and motivating the right calibre of employees.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. The board believes this policy will be effective in increasing shareholder wealth in future years.

The board is taking steps to increase profitability and reduce the economic entities' liabilities, which will lead to an increase in shareholder value and create a positive stable financial position. The following table shows the gross revenue and profits for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2003	2004	2005	2006	2007
	$	$	$	$	$
Revenue	15,924,837	8,458,612	6,381,432	3,165,937	2,789,049
Net Profit/(Loss)	(3,465,475)	(5,778,892)	(7,759,402)	715,824	(3,353,001)
Share Price at Year-end	10.00 [1]	2.80 [1]	1.10 [1]	0.30	0.15 [2]

1. Please note that the Share Price at Year-end has been adjusted to reflect the post-January 2006 consolidation basis for comparison with the current year's closing price.
2. The shares were suspended from trading as at 30 June 2007, the last trade occurred on 30 April 2007 for 15 cents.

Key Management Personnel Remuneration

2007	Salaries, Fees & Commissions	Superannuation Contributions	TOTAL
	$	$	$
Andrew Fox	30,000	-	30,000
Adrian Palmer	30,000	-	30,000
Roger Currie	1,315	-	1,315
Neil Steggall	1,315	-	1,315
Mike Evans	30,000	-	30,000
John Pitcher	54,506	-	54,506
Richard Steggall	77,590	-	77,590
	224,726	-	224,726

2006	Salaries, Fees & Commissions	Superannuation Contributions	TOTAL
	$	$	$
Andrew Fox	28,312	-	28,312
John Pitcher	159,258	-	159,258
Mike Evans	4,027	-	4,027
Adrian Palmer	1,726	-	1,726
John Carmichael	24,986	-	24,986
Ajay Kaushik	30,656	-	30,656
Chris Teoh	19,995	610	20,605
Richard Steggall	20,000	-	20,000
	288,960	610	289,570

Options Issued as Part of Remuneration for the Year Ended 30 June 2007

No options were issued to directors or executives as part of their remuneration during or since the end of the financial year

MEETINGS OF DIRECTORS

During the financial year, 23 meetings of directors were held. Attendances by each director during the year were:

	Directors' Meetings	
Name of Director	Number eligible to attend	Number attended
Andrew Fox	23	23
Adrian Palmer	23	20
Roger Currie	-	-
Neil Steggall	-	-
Mike Evans	23	23
John Pitcher	23	23

INDEMNIFYING OFFICERS

Further to clause 11.1 of the constitution of the company, VIP has agreed to indemnify the directors and officers of the company for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of the company or a related body corporate, other than conduct involving a wilful breach of duty in relation to the company.

OPTIONS

At the date of this report, there are no unissued ordinary shares of VIP under option.

During the year ended 30 June 2007, no Ordinary Shares of VIP where issued as a result of the exercise of options.

PROCEEDINGS ON BEHALF OF 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.

NON-AUDIT SERVICES

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

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

There were no fees payable/paid for non-audit services to the external auditors during the year ended 30 June 2007.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 37 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

Dated this 6th day of June 2008

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Andrew Fox
Director

VOLTAGE IP LIMITED ABN 83 057 884 876
AND CONTROLLED ENTITIES
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	**2006**	**2007**	**2006**
		$	**$**	**$**	**$**
Revenues	2	79,683	875,692	57,259	3,670
Cost of sales and changes in work in progress		-	(426,498)	-	-
Employee benefits expense		(452)	(301,710)	(452)	(62,992)
Depreciation and amortisation expense		(684)	(77,812)	-	-
Borrowing costs expense		(228,510)	(222,494)	(219,960)	(130,052)
Other expenses		(4,186,541)	(1,294,666)	(4,150,999)	(403,544)
Profit/(loss) before income tax expense	3	(4,336,504)	(1,447,488)	(4,314,152)	(592,918)
Income tax expense	4	-	(11,039)	-	-
Profit/(loss) from continuing operations		(4,336,504)	(1,458,527)	(4,314,152)	(592,918)
Profit/(loss) from discontinuing operations		983,503	2,174,351	-	-
Profit/(loss) for the year		(3,353,001)	715,824	(4,314,152)	(592,918)
Net profit/(loss) attributable to outside equity interests		-	-	-	-
Profit/(loss) attributable to members of the parent entity		**(3,353,001)**	**715,824**	**(4,314,152)**	**(592,918)**
Overall Operations					
Basic earnings per share (cents per share)	8	(27.42)	10.66		
Diluted earnings per share (cents per share)	8	(27.42)	10.43		
Continuing Operations					
Basic earnings per share (cents per share)	8	(35.46)	(21.72)		
Diluted earnings per share (cents per share)	8	(35.46)	(21.72)		
Discontinuing Operations					
Basic earnings per share (cents per share)	8	8.04	32.39		

VOLTAGE IP LIMITED ABN 83 057 884 876
AND CONTROLLED ENTITIES
BALANCE SHEET AS AT 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	9	74,297	185,752	5,467	6,599
Trade and other receivables	10	1,776,178	275,815	1,000,474	12,766
Inventories	11	-	10,765	-	-
Other financial assets	12	-	2,583	-	-
Other current assets	16	39,800	105,700	-	-
TOTAL CURRENT ASSETS		**1,890,275**	**580,615**	**1,005,941**	**19,365**
NON-CURRENT ASSETS					
Trade and other receivables	10	-	18,333	37,459	660,741
Other financial assets	12	-	-	1,000	4,370,000
Plant and equipment	14	1,398	118,191	-	-
Deferred tax assets	19	-	230,336	-	-
Intangible assets	15	-	4,474,200	-	-
TOTAL NON-CURRENT ASSETS		**1,398**	**4,841,061**	**38,459**	**5,030,741**
TOTAL ASSETS		**1,891,673**	**5,421,675**	**1,044,400**	**5,050,106**
CURRENT LIABILITIES					
Trade and other payables	17	280,247	766,309	267,932	207,995
Financial liabilities	18	1,513,550	1,975,020	650,000	1,683,299
TOTAL CURRENT LIABILITIES		**1,793,797**	**2,741,329**	**917,932**	**1,891,294**
NON-CURRENT LIABILITIES					
Financial liabilities	18	1,170,000	511,277	1,170,000	-
TOTAL NON-CURRENT LIABILITIES		**1,170,000**	**511,277**	**1,170,000**	**-**
TOTAL LIABILITIES		**2,963,797**	**3,252,606**	**2,087,932**	**1,891,293**
NET ASSETS		**(1,072,124)**	**2,169,069**	**(1,043,532)**	**3,158,812**
EQUITY					
Issued capital	20	45,081,334	44,969,526	45,081,334	44,969,526
Accumulated losses		(46,153,458)	(42,800,457)	(46,124,866)	(41,810,714)
Parent interest		(1,072,124)	2,169,069	(1,043,532)	3,158,812
TOTAL EQUITY/(DEFICENCY)		**(1,072,124)**	**2,169,069**	**(1,043,532)**	**3,158,812**

VOLTAGE IP LIMITED ABN 83 057 884 876
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Economic Entity			
	Share Capital $	**Accumulated Losses $**	**Minority Interests $**	**Total $**
Balance as at 1 July 2005	39,843,291	(43,439,890)	(15,725)	(3,612,324)
Adjustment to opening balance – elimination of minority interest	-	-	15,725	15,725
Shares issued during the year	5,126,235	-	-	5,126,235
Profit on acquisition of Voltage Telecom (UK) Limited	-	(76,391)	-	(76,391)
Profit / (loss) attributable to members of the parent entity	-	715,824	-	715,824
Balance at 30 June 2006	**44,969,526**	**(42,800,457)**	**-**	**2,169,069**
Balance as at 1 July 2006	44,969,526	(42,800,457)	-	2,169,069
Shares issued during the year	113,308	-	-	113,308
Expiry of Options	(1,500)	-		(1,500)
Profit / (loss) attributable to members of the parent entity	-	(3,353,001)	-	(3,353,001)
Balance at 30 June 2007	**45,081,334**	**(46,153,458)**	**-**	**(1,072,124)**

	Parent Entity			
	Share Capital $	**Accumulated Losses $**	**Minority Interests $**	**Total $**
Balance as at 1 July 2005	39,843,291	(41,217,796)	-	(1,374,505)
Shares issued during the year	5,126,235	-	-	5,126,235
Profit / (loss) attributable to members of the parent entity	-	(592,918)	-	(592,918)
Balance at 30 June 2006	**44,969,526**	**(41,810,714)**	**-**	**3,158,812**
Balance as at 1 July 2006	44,969,526	(41,810,714)	-	3,158,812
Shares issued during the year	113,308	-		113,308
Expiry of Options	(1,500)	-		(1,500)
Profit / (loss) attributable to members of the parent entity	-	(4,314,152)	-	(4,314,152)
Balance at 30 June 2007	**45,081,334**	**(46,124,866)**	**-**	**(1,043,532)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		765,747	600,151	500	1,407
Payments to suppliers and employees		(1,450,003)	(1,837,485)	(464,638)	(843,898)
Interest received		1,318	764	362	749
Income tax paid		-	(30,027)	-	-
Borrowing costs		(174,643)	(127,800)	(140,797)	(117,993)
Net cash provided by (used in) operating activities	23a	**(857,581)**	**(1,394,397)**	**(604,573)**	**(959,735)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	3	-	-
Proceeds from sale of investments		1,265,449	-	-	1
Purchase of property, plant and equipment		(14,903)	(3,431)	-	-
Cost of selling intangibles		-	224,130	-	224,130
Advances (to)/from associated entities		(179,926)	(267,854)	529,958	-
Payments for the acquisition of other investments		(2,667)	(41,585)	(2,667)	-
Net cash provided by (used in) investing activities		**1,067,953**	**(88,737)**	**527,291**	**224,131**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	252,783	-	252,783
Payment of share issue costs		-	-	-	2,244
Proceeds from borrowings		1,808,646	1,372,703	1,020,700	477,689
Repayment of borrowings		(2,128,043)	(72,647)	(934,993)	(72,647)
Cash on Acquisition		7,127	-	-	-
Capital Returns Paid		(9,557)	-	(9,557)	-
Net cash provided by (used in) financing activities		**(321,827)**	**1,552,839**	**76,150**	**660,069**
Net increase/ (decrease) in cash held		**(111,455)**	**69,705**	**(1,133)**	**(75,535)**
Cash at beginning of year		185,752	116,047	6,599	82,134
Cash at end of year	9	**74,297**	**185,752**	**5,466**	**6,599**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers the economic entity of Voltage IP Limited ("VIP") and controlled entities and VIP as an individual parent entity. VIP is a listed public company incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preperation

The accounting policies set out below have been consistently applied to all years presented.

The Consolidated Entity experienced operating losses and negative operating cash flows during the financial year ended 30 June 2007. The directors, however, are confident that the Consolidated Entity will be successful in generating revenue and cash flows by:

- generating revenue from existing and future projects; and
- accessing additional capital.

The management of the Consolidated Entity has demonstrated a successful track record in the above and is able to meet all payment obligations as they fall due. Accordingly, the Directors are confident that the Consolidated Entity will continue to be successful in the above matters and have prepared the financial report on a going concern basis.

Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity controlled by VIP. Control exists where VIP has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with VIP to achieve the objectives of VIP. A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

b. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of finished goods is determined on a consistent basis comprising materials, labour and an appropriate portion of fixed and variable overhead expenses. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

d. Property, Plant and Equipment (con't)

Depreciation (con't)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Computer Equipment	40%
Office Equipment	25%
Plant & Equipment	25%
Fixtures & Fittings	20% - 25%
Leasehold Improvements	33 1/3 %
Leased plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

f. Financial Instruments (con't)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

g. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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

h. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

i. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

j. Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The assets and liabilities of the overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at the rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

k. Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at the amount expected to be paid when the liability is settled plus related on-costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (con't)

k. Employee Benefits (con't)

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

l. Cash

For the purpose of the statement of cash flows, cash includes:

i Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and

ii Investments in money market instruments with less than 14 days to maturity.

m. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax ("GST").

n. Goods and Services Tax

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 Tax Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expenses. Receivables and payables in the statement of financial position are shown inclusive of GST.

o. Equity Settled Compensation

The company operates a number of share-based compensation plans. These include an employee bonus share scheme. The bonus element over the exercise price of the services rendered in exchange for shares is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

p. Comparative Figures

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

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments — Provision for Impairment of Receivables

No provision for impairment of receivables has been made at 30 June 2007, other than the provision for impairment of the receivable due from a former subsidiary.

The financial report was authorised for issue on 6th June 2008 by the board of directors.

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 2: REVENUE					
CONTINUING OPERATIONS					
Operating activities					
Sale of Goods		3,577	765,319	-	-
Interest received	2a	23,779	2,406	18,312	2,391
Other revenue		11,078	107,967	11,078	1,279
		38,434	875,692	29,390	3,670
Other income					
Discount on acquisition of controlled entity		13,380	-	-	-
Gain on disposal of intangible asset		-	-	-	264,888
Other		27,869	-	27,869	-
		41,249	-	27,869	264,888
Total Revenue – Continuing Operations		**79,683**	**875,692**	**57,259**	**268,558**
Operating activities					
Sale of Goods		896,153	-	-	-
Interest received	2a	933	27	-	-
Other revenue		109,709	31,279	-	-
		1,006,795	31,306	-	-
Other income					
Gain on disposal of controlled entity		1,702,571	1	-	-
Creditor debt forgiveness pursuant to DOCA		-	2,258,938	-	-
		1,702,571	2,258,939	-	-
Total Revenue – Discontinuing Operations		**2,709,366**	**2,290,245**	**-**	**-**
TOTAL REVENUE		**2,789,049**	**3,165,937**	**57,259**	**268,558**
a. **Interest revenue from:**					
Other persons		24,712	2,433	18,312	2,391
Total interest revenue		**24,712**	**2,433**	**18,312**	**2,391**

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities before income tax has been determined after:

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Stock write downs and write offs	-	74,652	-	-
Bad and doubtful trade debtors	215,016	114,021	-	52,880
Loss on disposal of investments	3,374,048	15,723	3,370,000	999
Write down of investments - wholly owned subsidiary	-	-	101,258	-
Debt forgiveness – wholly owned subsidiary	-	151,628	-	123,378
Borrowing costs:				
Other persons	-	14,812	-	17
Other related parties	342,482	212,354	219,960	130,035
Total borrowing costs	342,482	227,166	219,960	130,052

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (con't)					
Depreciation of:					
Computer equipment		64,740	73,087	-	-
Office equipment		-	4,725	-	-
Plant and equipment		1,320	-	-	-
Total Depreciation		66,060	77,812	-	-

NOTE 4: INCOME TAX EXPENSE

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
a. The components of tax expense comprise:				
Current Tax	-	214,747	-	-
Deferred Tax	199,221	11,039	-	177,875
Recoupment of prior year tax losses	-	(214,747)	-	(177,875)
	199,221	11,039	-	-
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)	(946,134)	214,747	(1,294,246)	(177,875)
Add Tax effect of:				
Non-operating items	554,647	39,840	1,042,693	51,928
Effect of tax losses not recognised	391,487	(243,548)	251,553	125,947
Income tax attributable to operating profit/ (loss) from ordinary activities before income tax	**-**	**11,039**	**-**	**-**
Income tax attributable to operating profit/ (loss) from discontinued activities before income tax	**199,221**	**-**	**-**	**-**
The applicable weighted average effective tax rates are as follows:	-%	1.5%	-%	-%

NOTE 5: DISCONTINUING OPERATIONS

On 5 April 2007, the consolidated group announced its decision to dispose of its United States of America subsidiary, thereby discontinuing its operations in this business segment.

This announcement was made subsequent to approval by the group's management.

UC Investors, Inc was disposed of effective 20 April 2007.

On 21 May 2007, the consolidated group announced its decision to dispose of its United Kingdom subsidiaries, thereby discontinuing its operations in this business segment.

This announcement was made subsequent to approval by the group's management and subject to shareholders' approval which was obtained on 12 July 2007.

Voltage Telecom (UK) Limited as sold on 22 June 2007 and Virtualplus Limited was sold effective 29 June 2007.

Financial information relating to the discontinued operations to the date of disposal is set out below and at Note 21 Segment Reporting.

	Note	Economic Entity 2007 $	2006 $
The financial performance of the discontinued operations to the date of disposal which is included in the profit/(loss) from discontinued operations per the income statement is as follows:			
Revenue		2,709,367	-
Expenses		(1,526,643)	-
Profit/(loss) before income tax		1,182,724	-
Income tax expense		(199,221)	-
Profit/(loss) attributable o members of the parent entity		983,503	-
Profit/(loss) on sale before income tax		1,702,571	-
Income tax expense		-	-
Profit/(loss) on sale after income tax		1,702,571	-
		2,686,074	-
The net cash flows of the discontinuing operations which has been incorporated into the statement of cash flows are as follows:			
Net cash inflow/(outflow) from operating activities		(196,733)	-
Net cash inflow/(outflow) from investing activities		771,554	-
Net cash inflow/(outflow) from financing activities		(735,104)	-
Net cash increase in cash generated by the discontinuing operations		(160,283)	-

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of key management personnel in office at any time during the financial year are:

Parent Entity Directors		
Mr Andrew Fox	Chairman	
Mr Adrian Palmer	Director – Non-Executive	
Mr Roger Currie	Director – Non-Executive	Appointed 14 June 2007
Mr Neil Steggall	Director – Non-Executive	Appointed 14 June 2007 Resigned 7 December 2007
Mr Mike Evans	Director – Non-Executive	Resigned 7 August 2007
Mr John Pitcher	Director – Executive	Resigned 14 June 2007
Specified Executives		
Mr Richard Steggall	General Manager – VPL	Resigned effective 29 June 2007

Key management personnel remuneration has been included n the Remuneration Report section of the Directors' Report.

b. Number of Shares held by key management personnel

	Balance 1 July 2006 (a)	Received as Remuneration	Options Exercised	Net Change Other (b)	Balance 30 June 2007 (c)
Parent Entity Directors					
Andrew Fox	1,653,240	15,000	-	203,889	1,872,129
Adrian Palmer	-	1,726	-	-	1,726
Roger Currie	-	-	-	-	-
Neil Steggall	-	-	-	-	-
Mike Evans	-	4,027	-	-	4,027
John Pitcher	5,450,601	-	-	(3,391,878)	2,058,723
Specified Executives					
Richard Steggall	176,059	-	-	1,85,870	361,929

Note:

All shares have been adjusted to a post-consolidation basis for consistency.

(a) Balance at 1 July 2006 represents the balance at the beginning of the financial year or the date the Parent Entity Directors and Specified Executives become a Parent Entity Director or Specified Executive, whichever is the later;

(b) Net change other refers to shares purchased or sold during the financial year; and

(c) Balance at 30 June 2007 represents the balance at the end of the financial year or the date the Parent Entity Directors and Specified Executives ceased to be a Parent Entity Director or Specified Executive, whichever is the earlier.

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 7: AUDITORS' REMUNERATION					
Remuneration of the current Auditor, Bentleys MRI, of the parent entity for:					
Auditing or reviewing the financial report		8,000	-	8,000	-
		8,000	**-**	**8,000**	**-**
Remuneration of the previous Auditor, Grant Thornton (Qld), of the parent entity for:					
Auditing or reviewing the financial report		-	47,878	-	47,878
Other services		-	14,450	-	14,450
		-	**62,328**	**-**	**62,328**

	Note	Economic Entity 2007 $	Economic Entity 2006 $
NOTE 8: EARNINGS PER SHARE			
a. Reconciliation of Earnings to Net Profit or Loss			
Net profit/(loss)		(3,353,001)	715,824
Net profit attributable to outside equity interest		-	-
Earnings used in the calculation of basic EPS		(3,353,001)	715,824
Earnings used in the calculation of dilutive EPS		(3,353,001)	715,824
b. Reconciliation of Earnings to Net Profit or Loss from Continuing Operations			
Net profit/(loss) from continuing operations		(4,336,504)	(1,458,527)
Net profit attributable to outside equity interest		-	-
Earnings used in the calculation of basic EPS		(4,336,504)	(1,458,527)
Earnings used in the calculation of dilutive EPS		(4,336,504)	(1,458,527)
c. Reconciliation of Earnings to Net Profit or Loss from Discontinuing Operations			
Net profit/(loss)		983,503	2,174,351
Net profit attributable to outside equity interest		-	-
Earnings used in the calculation of basic EPS		983,503	2,174,351
Earnings used in the calculation of dilutive EPS		983,503	2,174,351
		Number	**Number**
d. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		12,228,671	6,713,960
Weighted average number of options outstanding		-	150,000
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS		12,228,671	6,863,960

e. Diluted earnings per share is not reflected for discontinuing operations as the result is anti-dilutive in nature.

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 9: CASH AND CASH EQUIVALENTS					
Cash at bank		74,297	185,752	5,467	6,599
		74,297	**185,752**	**5,467**	**6,599**
Reconciliation of Cash					
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:					
Cash and cash equivalents		74,297	185,752	5,467	6,599
		74,297	**185,752**	**5,467**	**6,599**

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 10: TRADE AND OTHER RECEIVABLES					
Current:					
Trade receivables		4,051	209,713	474	38,544
Provision for impairment of receivables		-	(63,428)	-	(38,544)
		4,051	146,285	474	-
Deposits paid		200,000	10,000	-	10,000
Other receivables		1,572,127	119,530	1,000,000	2,766
		1,776,178	**275,815**	**1,000,474**	**12,766**
Non Current:					
Amount receivable from:					
Wholly owned subsidiaries		-	-	37,459	642,408
Associated companies		-	18,333	-	18,333
		-	**18,333**	**37,459**	**660,741**
NOTE 11: INVENTORIES					
Current:					
At cost					
Finished goods		-	10,765	-	-
		-	**10,765**	**-**	**-**
NOTE 12: OTHER FINANCIAL ASSETS					
Current:					
Advances to staff		**-**	**2,583**	**-**	**-**
Non current:					
Unlisted investments, at cost					
Shares in controlled entities		-	-	1,000	4,370,000
		-	**-**	**1,000**	**4,370,000**

NOTE 13: CONTROLLED ENTITIES

a. Controlled entities and the percentage owned:

	Country of Incorporation	Percentage Owned 2007	Percentage Owned 2006
Parent Entity:			
Voltage IP Limited	Australia		
Subsidiaries:			
Agrivest Properties Pty Ltd	Australia	100.0	-
UC Investors, Inc.	USA	-	100.0
Voltage Telecom (UK) Limited (formerly Unified Messaging Limited)	United Kingdom	-	100.0
Virtualplus Limited	United Kingdom	-	100.0
Virtualplus (Asia) Pty Ltd	Australia	100.0	100.0

b. Controlled Entities Acquired

On 14 June 2007, Agrivest Properties Pty Ltd became a controlled entity.

NOTE 13: CONTROLLED ENTITIES (con't)

c. Controlled Entities Disposed of

Effective 20 April 2007 the economic entity disposed of its 100% interest in UC Investors, Inc. No remaining interest in the entity was held by any member of the economic entity.

On 22 June 2007 the economic entity disposed of its 100% interest in Voltage Telecom (UK) Limited. No remaining interest in the entity was held by any member of the economic entity.

Effective 29 June 2007 the economic entity disposed of its 100% interest in Virtualplus Limited. No remaining interest in the entity was held by any member of the economic entity.

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 14: PLANT AND EQUIPMENT					
COMPUTER EQUIPMENT					
At cost		2,082	181,542	-	-
Accumulated depreciation		(684)	(73,087)	-	-
		1,398	108,456	-	-
OFFICE EQUIPMENT					
At cost		-	27,594	-	-
Accumulated depreciation		-	(17,859)	-	-
		-	9,735	-	-
		1,398	**118,191**	**-**	**-**

a. Movements in Carrying Amounts

	Computer Equip $	Office Equip $	Total $
Economic Entity:			
Balance at the beginning of the year	108,456	9,735	118,191
Depreciation expense	(64,740)	(1,320)	(66,060)
Disposal via de-consolidation of subsidiary	(42,318)	(8,415)	(50,733)
Carrying amount at end of year	**1,398**	**-**	**1,398**
Parent Entity:			
Balance at the beginning of the year	-	-	-
Depreciation expense	-	-	-
Carrying amount at end of year	**-**	**-**	**-**

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 15: INTANGIBLE ASSETS					
At cost					
Goodwill (including Goodwill on Consolidation)		-	4,280,153	-	-
Software		-	194,047	-	-
		-	**4,474,200**	**-**	**-**

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 16: OTHER ASSETS					
Current:					
Accrued income		-	100,723	-	-
Prepayments		39,800	4,977	-	-
		39,800	**105,700**	**-**	**-**
NOTE 17: TRADE AND OTHER PAYABLES					
Current:					
Unsecured liabilities					
Trade payables		57,683	366,484	45,367	60,148
Sundry payables		222,564	399,825	222,565	147,847
		280,247	**766,309**	**267,932**	**207,995**
NOTE 18: FINANCIAL LIABILITIES					
Current:					
Secured liabilities:					
Convertible notes	18a	600,000	1,075,000	600,000	1,075,000
		600,000	1,075,000	600,000	1,075,000
Unsecured liabilities:					
Director related company		913,550	900,020	50,000	608,299
		913,550	900,020	50,000	608,299
		1,513,550	**1,975,020**	**650,000**	**1,683,299**
Non-current:					
Unsecured loans:					
Director related company		1,170,000	511,277	1,170,000	-
		1,170,000	**511,277**	**1,170,000**	**-**

a. The convertible notes are secured by a registered fix and floating charge over the assets of the Company. The convertible notes expire on 31 March 2008,and are convertible into shares at $0.45 per share at the Noteholder's discretion.

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 19: TAX				
Non-Current:				
Future Income Tax Benefit	-	230,336	-	-
	-	**230,336**	**-**	**-**

Consolidated Group	Opening Balance $	Charged to Income $	Exchange Variance $	Closing Balance $
Deferred Tax Liability:				
Future Income Tax Benefits attributable to tax losses	230,336	-	-	230,336
Balance at 30 June 2006	**230,336**	**-**	**-**	**230,336**
Future Income Tax Benefits attributable to tax losses	230,336	(199,221)	(31,115)	-
Balance at 30 June 2007	**230,336**	**(199,221)**	**(31,115)**	**-**

NOTE 19: TAX (con't)

	Opening Balance $	Charged to Income $	Exchange Variance $	Closing Balance $
Parent Entity				
Deferred Tax Liability:				
Future Income Tax Benefits attributable to tax losses	-	-	-	-
Balance at 30 June 2006	**-**	**-**	**-**	**-**
Future Income Tax Benefits attributable to tax losses	-	-	-	-
Balance at 30 June 2007	**-**	**-**	**-**	**-**

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 20: ISSUED CAPITAL					
12,692,708 (2006: 12,147,864) fully paid Ordinary shares	20a	44,968,934	44,968,026	44,968,934	44,968,026
Option Reserve		-	1,500	-	1,500
		44,968,934	**44,969,526**	**44,968,934**	**44,969,526**
a. Ordinary shares					
At the beginning of the reporting period		44,968,026	39,841,791	44,968,026	39,841,791
Shares issued during the year					
3,214,940 on 1 December 2005		-	64,299	-	64,299
5,000,000 on 20 December 2005		-	25,000	-	25,000
1,333,333 on 20 December 2005		-	40,000	-	40,000
125,000,000 on 28 December 2005		-	500,000	-	500,000
834,000,000 on 28 December 2005		-	4,170,000	-	4,170,000
5,153,000 on 30 December 2005		-	51,530	-	51,530
702,154 on 24 April 2006		-	252,775	-	252,775
28,142 on 14 June 2006		-	13,508	-	13,508
9,123 on 14 June 2006		-	9,123	-	9,123
38,177 on 21 September 2006		10,308	-	10,308	-
3,000 on 5 March 2007		1,350	-	1,350	-
3,667 on 19 March 2007		1,650	-	1,650	-
500,000 on 25 May 2007		100,000	-	100,000	-
At reporting date		45,081,334	44,968,026	44,081,334	44,968,026

	Number	Number	Number	Number
At the beginning of the reporting period (i)	12,147,864	1,671,433	12,147,864	1,671,433
Shares issued during the year				
3,214,940 on 1 December 2005 (i)	-	32,149	-	32,149
5,000,000 on 20 December 2005 (i)	-	50,000	-	50,000
1,333,333 on 20 December 2005 (i)	-	13,333	-	13,333
125,000,000 on 28 December 2005 (i)	-	1,250,000	-	1,250,000
834,000,000 on 28 December 2005 (i)	-	8,340,000	-	8,340,000
5,153,000 on 30 December 2005 (i)	-	51,530	-	51,530
702,154 on 24 April 2006	-	702,154	-	702,154
28,142 on 14 June 2006	-	28,142	-	28,142
9,123 on 14 June 2006	-	9,123	-	9,123
38,177 on 21 September 2006	38,177	-	38,177	-
3,000 on 5 March 2007	3,000	-	3,000	-

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
NOTE 20: ISSUED CAPITAL (con't)					
a. Ordinary shares (con't)					
3,667 on 19 March 2007		3,667	-	3,667	-
500,000 on 25 May 2007		500,000	-	500,000	-
At reporting date		12,692,708	12,147,864	12,692,708	12,147,864

(i) These shares were issued prior to the share consolidation of 1:100 on 3 January 2006, accordingly the number of shares issued as been reported on a post-consolidation basis. The opening number of shares as at 30 June 2005 has also been reported on a post-consolidation basis.

On 21 September 2006 VIP issued 38,177 Ordinary Shares at $1.00 each, in settlement of Directors Fees to Non-Executive Directors for the period 1 January 2006 to 30 June 2006. In accordance with the share based accounting policy, the fair value of the shares issued was $0.27 each.

On 5 March 2007 and 19 March 2007 VIP issued 6,667 Ordinary Shares at $0.45 cents each, in settlement of outstanding fees to a creditor of VIP.

On 25 May 2007 VIP issued 500,000 Ordinary Shares at $0.20 cents each, in settlement of a liability of VIP.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

At 30 June 2007, there were nil (2006: 150,000) unissued ordinary shares for which options were outstanding.

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
At the beginning of the reporting period		1,500	1,500	1,500	1,500
Options expired during the year					
150,000 on 18 March 2007		(1,500)	-	(1,500)	-
At reporting date		-	1,500	-	1,500

NOTE 21: SEGMENT REPORTING

Primary Reporting - Business Segments

	Unified Messaging		Agriculture		eCommerce		Discontinuing Operation		Elimination		Economic Entity	
							Unified Messaging	eSecurity				
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
REVENUE												
External Sales	3,577	798,044	5,467	-	-	-	938,033	-	-	-	947,077	798,044
Other Segments	-	-		-	-	-	-	-	-	-	-	-
Total Sales Revenue	**941,610**	**798,044**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**947,077**	**798,044**
Share of net profits of equity accounted associates and joint venture entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	**941,610**	**798,044**	**5,467**	**-**	**-**	**-**	**938,033**	**-**	**-**	**-**	**947,077**	**798,044**
Unallocated revenue*											**1,841,972**	**2,367,893**
Total Revenue from Ordinary Activities											2,789,049	3,165,937
Segment Result												
Result	(30,446)	(604,820)	(5,286)	-	-	(217)	447,975	3,238,980	-	(1,173,029)	412,243	1,460,914
Unallocated expenses net of unallocated revenue*											(3,566,023)	(734,051)
Profit before income tax expense											**(3,153,780)**	**726,863**
Income tax expense											(199,221)	(11,039)
Profit after income tax expense											**(3,353,001)**	**715,824**
Extraordinary items after income tax expense											-	-
Net Profit											**(3,353,001)**	**715,824**

* Unallocated items include corporate head office revenues, expenses, assets and liabilities that are used for the benefit of all operating segments.

NOTE 21: SEGMENT REPORTING (con't)

Primary Reporting - Business Segments (con't)

	Unified Messaging		Agriculture		eCommerce		Discontinuing Operation		Elimination		Economic Entity	
							Unified Messaging	eSecurity				
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
ASSETS												
Segment Assets	5,343	1,096,973	880,390	-	-	274,010	-	-	-	(425,020)	885,733	945,963
Unallocated assets											1,005,940	4,407,698
Total Assets											1,891,673	5,353,661
LIABILITIES												
Segment Liabilities	4,570	1,712,315	871,296	-	-	291,721	-	-	-	316	875,866	2,004,352
Unallocated liabilities											2,087,931	1,248,254
Total Liabilities											**2,963,797**	**3,252,606**
OTHER												
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions of non-current segment assets	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation of segment assets	684	77,812	-	-	-	-	-	-	-	-	684	77,812
Other non-cash segment expenses	-	-	-	-	-	-	-	-	-	-	-	-

* Unallocated items include corporate head office revenues, expenses, assets and liabilities that are used for the benefit of all operating segments.

NOTE 21: SEGMENT REPORTING (con't)

Secondary Reporting – Geographical Segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets	
	2007	2006	2007	2006
	$	$	$	$
Australia	79,683	2,293,915	1,891,673	37,698
United Kingdom	2,709,366	872,022	-	5,309,113
United States of America	-	-	-	6,850
	2,789,049	3,165,937	1,891,673	5,353,661

a. Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

b. Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

c. Business and Geographical Segments

(i) Business Segments

The economic entity's business segment is mobile and unified messaging.

(ii) Geographical Segments

The economic entity's business segments are located in Australia.

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
NOTE 22: CASH FLOW INFORMATION					
a. Reconciliation of Cash Flow from Operations with Profit/(loss) from ordinary activities after Income Tax:					
Profit/(Loss) from ordinary activities after income tax		**(3,353,001)**	**715,824**	**(4,314,152)**	**(592,918)**
Non-cash flows in profit/(loss) from ordinary activities:					
Depreciation		684	78,437	-	-
Capitalised interest		8,550	-	-	-
Expiry of options		(1,500)	-	(1,500)	-
Debt forgiveness		-	(2,258,938)	-	-
Net gain on disposal of subsidiary		(384,916)	-	-	-
Net gain on consolidation of new subsidiary		19,000	(76,392)	-	-
Net exchange differences		-	15,725	-	-
Share based payments		110,308	74,161	110,308	74,161
Write-down/disposal of an investment		4,275,784	-	3,370,000	1,100

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
NOTE 22: CASH FLOW INFORMATION (con't)					
a. Reconciliation of Cash Flow from Operations with Profit/(loss) from ordinary activities after Income Tax (con't):					
Provision for Doubtful Debts		32,253	97,466	32,253	47,698
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries:					
Decrease/(Increase) in trade debtors		(1,862,508)	303,079	(474)	(38,544)
Decrease/(Increase) in investments		1,194	237,006	-	-
Decrease/(Increase) in prepayments and accrued income		22,108	(99,129)	-	6,571
Decrease/(Increase) in other assets		95,045	154,677	75,504	(10,437)
Decrease/(Increase) in inventories		10,765	(10,765)	-	-
Decrease/(Increase) in intangibles		-	(194,047)	-	-
(Decrease)/Increase in creditors and accruals		168,653	(418,577)	72,494	(380,312)
(Decrease)/Increase in provisions and other creditors		-	(12,924)	-	(12,924)
(Decrease)/Increase in loans		-	-	50,994	(54,129)
Cash flows from operations		**(857,581)**	**(1,394,397)**	**(604,573)**	**(959,734)**
b. Acquisition of businesses					
During the current year the economic entity acquired 100% of Agrivest Properties Pty Ltd. The aggregate details of these transactions are:					
Purchase consideration		-	-	-	-
Cash consideration paid		1,000	-	-	-
Assets and liabilities held at acquisition date					
Cash		17,931	-	-	-
Receivables		301,999	-	-	-
Property, plant & equipment		200,000	-	-	-
Payables		(505,550)	-	-	-
		14,380	-	-	-
Discount on Acquisition		13,380	-	-	-
Carrying value of investment in controlled entity		-	-	1,000	-
		-	-	1,000	-
c. Disposal					
During the current year the controlled entity UC Investors, Inc was distributed to VIP shareholders. Aggregate details of this transaction are:					
Carrying value of investment in controlled entity		-	-	-	-
Net gain/(loss) on disposal		231,849	-	(101,258)	-
		231,849	-	(101,258)	-

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 22: CASH FLOW INFORMATION (con't)					
c. Disposal (con't)					
During the current year the controlled entity Voltage Telecom (UK) Limited was sold. Aggregate details of this transaction are:					
Disposal price					
Cash consideration		1,355,000	-	-	-
Assets and liabilities held at disposal date					
Cash		4,503	-	-	-
Receivables		3,680	-	-	-
Property, plant & equipment		56,304	-	-	-
Other Assets		47,111			
Payables		(239,544)	-	-	-
		(127,946)	-	-	-
Carrying value of investment in controlled entity		277,475	-	-	-
Net gain/(loss) on disposal		145,383	-	-	-
		804,196	-	-	-
During the current year the controlled entity Virtualplus Limited was sold. Aggregate details of this transaction are:					
Disposal price					
Cash consideration		1,000,000	-	1,000,000	-
Assets and liabilities held at disposal date					
Cash		6,656	-	-	-
Receivables		163,619	-	-	-
Property, plant & equipment		176,716	-	-	-
Other Assets		16,045			
Payables		(269,457)	-	-	-
		93,579	-	-	-
Carrying value of investment in controlled entity		-	-	4,370,000	-
Net gain/(loss) on disposal		(1,093,579)	-	(3,370,000)	-
		-	-	-	-
d. Non-cash financing and investing activities:					
(i) Share issue					
3,214,940 ordinary shares issued at $0.02 each		-	64,299	-	64,299
5,000,000 ordinary shares issued at $0.005 each		-	25,000	-	25,000
1,333,333 ordinary shares issued at $0.03 each		-	40,000	-	40,000
125,000,000 ordinary shares issued at $0.004 each		-	500,000	-	500,000
834,000,000 ordinary shares issued at $0.005 each		-	4,170,000	-	4,170,000

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
NOTE 22: CASH FLOW INFORMATION (con't)					
d. Non-cash financing and investing activities (con't):					
5,153,000 ordinary shares issued at $0.01 each		-	51,530	-	51,530
28,142 ordinary shares issued at $0.48 each		-	13,508	-	13,508
9,123 ordinary shares issued at $1.00 each		-	9,123	-	9,123
38,177 ordinary shares issued at $1.00 each		10,308	-	10,308	-
6,667 ordinary shares issued at $0.45 each		3,000	-	3,000	-
500,000 ordinary shares issued at $0.20 each		100,000	-	100,000	-

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

On 7 December 2007, VIP announced that it was not proceeding with the Agrivest transaction announced on 15 June 2007.

On 26 February 2008, VIP announced entered into a Heads of Agreement ('HOA') to acquire all of the issued capital of Blitz Telecom Australia Pty Ltd ('Blitz') for consideration of $16.50m. Blitz is a provider of converged business grade IP communication, Mobility and managed services to the wholesale and business markets. Utilising its BlitzOnNet™, and with switchless resale relationships Blitz has with the Tier-one carriers, Blitz provide fixed-line (local, national, and international), mobile, VoIP, and data services primarily to business and wholesale customers throughout Australia. With both organic and acquisitive growth over the past 12 months, Blitz has a customer base exceeding 40,000. On 8 April 2008, VIP announced that it was not proceeding with the Blitz transaction.

Except for the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly effect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future years.

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $

NOTE 24: RELATED PARTY TRANSACTIONS

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

	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Transactions with Director-related Entities:				
Occupancy fees payable to Millennium Capital Pty Ltd, a company which Andrew Fox is a Director of, for the use of the Melbourne office.	12,000	11,000	12,000	11,000
Convertible Notes held by Info Investments Pty Ltd, a company which Andrew Fox is a Director of:				
Amounts Advanced	-	-	-	-
Amounts Repaid	-	500,000	-	500,000
Interest paid/payable	55,000	74,498	55,000	74,498

NOTE 24: RELATED PARTY TRANSACTIONS (con't)

	Note	Economic Entity 2007 $	Economic Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Loan Notes held by Info Investments Pty Ltd, a company which Andrew Fox is a Director of:					
Amounts Advanced		1,433,683	-	1,433,683	-
Amounts Repaid		292,000	-	292,000	-
Interest paid/payable		124,763	-	124,763	-
Short-term loans provided by Info Investments Pty Ltd, a company which Andrew Fox is a Director of:					
Amounts Advanced		-	545,157	-	545,157
Amounts Repaid		545,157	19,801	545,157	19,801
Interest paid/payable		32,705	55,538	24,155	55,538
Loan Notes held by ART2 Ltd, a company which Andrew Fox is a Director of:					
Amounts Advanced		305,586	836,507	-	500,000
Amounts Repaid		1,272,532	-	500,000	-
Interest paid/payable		92,242	25,964	12,500	-
Short-term loans provided by John Pitcher:					
Amounts Advanced		20,000	-	-	-
Amounts Repaid		20,000	-	-	-
Interest paid/payable		2,768	-	-	-

NOTE 25: FINANCIAL INSTRUMENTS

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to subsidiaries, and loans from related parties.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Treasury Risk Management

The Board meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, and credit risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2007 all of group debt is fixed. For further details on interest rate risk refer to Note 25 (b)(i) & (ii).

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from loan to subsidiaries in currencies other than the group's measurement currency. Refer to Note 25 (b)(i) for further details.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

NOTE 25: FINANCIAL INSTRUMENTS (con't)

a. Financial Risk Management (con't)

ii. Financial Risks (con't)
Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

b. Financial Instruments

i. Net Fair Values
The net fair values of:
- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2007		2006	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial Assets				
Trade and other debtors	1,776,178	1,776,178	275,815	275,815
	1,776,178	**1,776,178**	**275,815**	**275,815**
Financial Liabilities				
Trade and other creditors	280,247	280,247	766,309	766,309
Other loans and amounts due	2,683,550	2,683,550	2,486,297	2,486,297
	2,963,797	**2,963,797**	**3,252,606**	**3,252,606**

NOTE 25: FINANCIAL INSTRUMENTS

ii. Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Interest Rate Maturing: Within One Year		Interest Rate Maturing: 1 to 5 Years		Interest Rate Maturing: Over 5 Years		Non-Interest Bearing		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	%	%	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets														
Cash	3.64	3.64	74,297	185,752	-	-	-	-	-	-	-	-	74,297	185,752
Receivables	-	-	-	-	-	-	-	-	-	-	1,776,178	275,815	1,776,178	275,815
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	2,583	-	2,583
Total Financial Assets			**74,297**	**185,752**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**278,398**	**1,850,475**	**464,150**
Financial Liabilities														
Trade and sundry creditors	-	-	-	-	-	-	-	-	-	-	280,247	766,309	280,247	766,309
Payable to director related entities	10.00	10.00	-	-	1,463,550	1,975,020	1,170,000	511,277	-	-	50,000	-	2,683,550	2,486,297
Payable to Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities			**-**	**-**	**1,463,550**	**1,975,020**	**1,170,000**	**511,277**	**-**	**-**	**330,247**	**766,309**	**2,963,797**	**3,252,606**

NOTE 26: Change in Accounting Policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
ASB 2005–10 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 Jan 2007	1 July 2007
	AASB 4	Insurance Contracts			
	AASB 101	Presentation of Financial Statements			
	AASB 114	Segment Reporting			
	AASB 117	Leases			
	AASB 133	Earnings per Share			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
	AASB 139	Financial Instruments: Recognition and Measurement			
AASB 7 Financial Instruments: Disclosures	AASB 132	Financial Instruments: Disclosure and Presentation	As above.	1 Jan 2007	1 July 2007

NOTE 27: COMPANY DETAILS

The registered office, and principal place of business, of the company is:
22-28 Boundary Street, South Melbourne Victoria 3205

VOLTAGE IP LIMITED ABN 83 057 884 876
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 through to 35 are in accordance with the Corporations Act 2001:

   a) comply with Accounting Standards and the Corporations Regulations 2001; and

   b) give a true and fair view of the financial position as at 30 June 2007 and performance for the year ended on that date of the company and economic entity;

2. The directors have each declared that:

   a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   c) the financial statements and notes for the financial year give a true and fair view;

3. in the director's 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Andrew Fox

....
Andrew Fox
Director

Dated this 6th day of June 2008

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL

Bentleys mri
Thinking ahead

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF VOLTAGE IP LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys MRI

BENTLEYS MRI
CHARTERED ACCOUNTANTS

MARTIN FENSOME
PARTNER

Dated in Melbourne on this 6 day of June 2008

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS

A MEMBER OF MOORES ROWLAND INTERNATIONAL

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VOLTAGE IP LTD

We have audited the accompanying financial report of Voltage IP Ltd, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001,* the company has disclosed information about the remuneration of key management personnel ("compensation disclosures"), as required by paragraphs Aus 25.4 to Aus 25.7 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124") under the heading "Remuneration Report" on page 4 of the Directors Report and not in the financial report.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is also to express an opinion on the compensation disclosures contained in the Directors' Report based on our audit, but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VOLTAGE IP LTD (Continued)

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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Independence
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*, provided to the directors of Voltage IP Ltd on 6th June 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis for Qualified Auditors Opinion

Investment and Receivable Balance

Parent Entity

As noted in the qualified audit report issued by Grant Thornton Queensland partnership on the 31 October 2006, the assets of the parent entity include an investment in the controlled entity of $4,370,000 (note 10, 30 June 2006 financial statements) and amounts receivable from wholly owned entities of $642,408 (note 10, 30 June 2006 financial statements). The ultimate recovery of these amounts was dependant on those entities generating sufficient future profits to realise these amounts. At the date of their report, Grant Thornton Queensland Partnership were unable to satisfy themselves as to the recoverability of the investment and receivable in the parent entity and the amount impaired (if any) to these assets.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VOLTAGE IP LTD (Continued)

Basis for Qualified Auditors Opinion (Continued)

Investment and Receivable Balance

Economic Entity

As noted in the qualified audit report issued by Grant Thornton Queensland partnership on the 31 October 2006, after elimination of the above investment on consolidation, the economic entity's assets included goodwill on consolidation of $4,280,153 (note 15, 30 June 2006 financial statements) and the income tax benefit of $230,336 (note 19, 30 June 2006 financial statements), arising from the tax losses in the controlled entity. The ultimate recovery of the goodwill and future income tax benefits by the economic entity was dependant on those entities generating sufficient future profits to realise those amounts. At the date of their report, Grant Thornton Queensland Partnership was unable to satisfy themselves as to the recoverability of these amounts in the economic entity and the amount of impairment (if any) to these assets.

Qualified Audit Opinion
In our opinion, except for the effects on the financial statements of the matters referred to in the proceeding paragraphs including the comparatives for 2006, the financial report of Voltage IP Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

Auditor's Opinion on the AASB 124 Compensation Disclosures Contained in the Director's Report
In our opinion the compensation disclosures that are contained on page 4 under the heading "Remuneration Report" of the Directors' Report comply with paragraphs Aus 25.4 to Aus 25.7 of Accounting Standard 124 *Related Party Disclosures.*

Inherent Uncertainty Regarding Continuation as a Going Concern
Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1, there is significant uncertainty whether Voltage IP Ltd will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Bentleys MRI

BENTLEYS MRI
CHARTERED ACCOUNTANTS

MARTIN FENSOME
PARTNER

Dated in Melbourne on this 11 day of June 2008

VOLTAGE IP LIMITED ABN 83 057 884 876
AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement reflects Voltage IP Limited ("VIP") corporate governance policy as at 30 June 2007 and in place throughout the year.

The philosophy of the Board is to adopt governance practices that are consistent with the best practice recommendations of the Australian Stock Exchange Corporate Governance Council and in the best interest of the economic entity. These practices are review regularly.

PRINCIPAL 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board has the responsibility of protecting the rights and interests of all shareholders and enhancement of long-term shareholder value.

Key tasks undertaken by the Board include:

- Setting and monitoring objectives, goals and strategic direction for management;
- Selecting and appointing senior management, determining conditions of employment and monitoring performance against objectives;
- Monitoring financial outcomes, the integrity of reporting and approving budgets and business plans;
- Ensuring effective audit, risk management and compliance systems are in place to safeguard the company's interest; and
- Monitor compliance with regulatory requirements and ethical standards.

PRINCIPAL 2: STRUCTURE THE BOARD TO ADD VALUE

The qualifications and experience of each director in office at the date of the Annual Report are included in the Directors Report.

The Board shall include both Executive and Non-Executive Directors. The Non-Executive Director is considered to be an Independent Director in accordance with the definition provided in the Best Practice Recommendations.

Where any director has a material personal interest in any matter, that director is not permitted to be present during any discussion or vote in relation to the matter.

All directors, either individually or collectively, have the right to seek independent professional advise at the company's expense to assist in the carrying out of their responsibilities. Any advise obtained is then available to the entire Board.

In view of the size of the company, the directors consider that establishing a Nominations Committee would be inappropriate. However, all directors review the composition of the Board and the whole Board considers the nomination of new directors.

PRINCIPAL 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

A Code of Conduct has been established as a guide to all directors, key executives and employees.

A trading policy has also been established to guide directors, key executives and employees in relation to trading in the company's securities. The policy restricts directors, key executives or employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Trading in securities is restricted to certain periods, namely following the release of annual or half-yearly results or the holding of a shareholders meeting, and prior approval of the Board is required before any trade occurs.

PRINCIPAL 4: SAFEGUARD INTEGRITY OF FINANICAL REPORTING

In the absence of a Chief Executive Officer or Chief Financial Officer, the directors and Company Secretary review the working papers to ensure that the financial reports present a true and fair view of the financial position.

In view of the size of the Board, the directors consider that establishing an Audit Committee would be inappropriate. However, the Board regularly reviews the economic entities' financials.

PRINCIPAL 5: MAKE TIMELY AND BALANCED DISCLOSURE

A continuous disclosure regime operates throughout the economic entity. Policies and procedures are in place to ensure that a person could reasonably expect to have a material effect in the share price is announced to ASX in a timely manner. The Company Secretary is the nominated Continuous Disclosure Officer and all releases are approved by the Board prior to being announced to ASX.

PRINCIPAL 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The company endeavours to keep shareholders fully informed of matter likely to be of interest to them by the timely release of information to ASX.

The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the annual report). Copies of the annual report are available to shareholders, free of charge, upon request to the Company Secretary. The Board ensures that the annual report contains all relevant information about the operations of the economic entity during the year, any changes in the state of affairs and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.

The half-year report contains summarised financial information and a review of the operations of the economic entity during the period. The half-year report is prepared in accordance with requirements of the Accounting Standards and the Corporations Act 2001. The half-year report is lodged with ASX and the Australian Securities and Investment Commission. Copies of the half-year report are available to shareholders, free of charge, upon request to the Company Secretary.

The Board encourages full participation of shareholders at General Meetings to ensure a high level of accountability and identification with the company's strategy and goals. Important issues are presented to shareholders as single resolutions.

The external auditor is invited to attend the Annual General Meeting and be available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report. Shareholders can lodge questions for the auditor in writing to the Company Secretary up to five days before the holding of the Annual General Meeting. All questions received are presented to the auditor for response and discussion at the Annual General Meeting.

PRINCIPAL 7: RECOGNISE AND MANAGE RISK

The Board reviews all key areas of risk management on an ongoing basis and keeps shareholders informed of any changes in the risk profile of the economic entity.

In view of the size of the Board, the directors consider that establishing a Risk Management Committee would be inappropriate. However, the Board regularly reviews the economic entities' operating risk management controls, compliance with legal requirements and ethical guidelines that affect the company.

PRINCIPAL 8: ENCOURAGE ENHANCED PERFORMANCE

The Board will evaluate the performance of directors, key executives and employees against both measurable and qualitative indicators.

PRINCIPAL 9: REMUNERATE FAIRLY AND RESPONSIBLY

In view of the size of the Board, the directors consider that establishing a Remuneration Committee would be inappropriate. The Board regularly reviews the remuneration of the directors and key executives to ensure that the remuneration properly reflects the duties and responsibilities of each director or key executive, and are competitive in attracting, retaining and motivating the right calibre of employees, as well as supporting the interests of shareholders.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors.

PRINCIPAL 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

VIP has in place a Code of Conduct which sets out the behaviour required of directors, key executives and employees. The Board deals with breaches of the Code of Conduct and monitors compliance.

At meetings of shareholders, the directors are subject to questioning by shareholders about the directors' management of the economic entities' affairs and shareholders vote upon the financial statements and reports, the election of each director, the appointment of the auditor and any matters of special business.

All shareholders are encouraged to contact the Company Secretary to raise any matters of concern. The Company Secretary regularly reports to the Board on any such matters raised.

The following additional information is provided in accordance with the listing rules.

1. SHAREHOLDING

The shareholder information set out below was applicable as at 30 April 2008:

(a) Substantial Shareholders

The name of each substantial shareholder and their relevant interest in ordinary shares as disclosed in substantial shareholder notices lodged with the Company are:

Shareholder Name	Number Held
Don Hansen	2,091,666
Accadia Limited and Baile Capital Corporation Limited	2,058,723
Arbitrage Research and Trading Ltd	1,785,462
Dave Helman	825,005

(b) Number of Holders

There are 644 holders of fully paid ordinary shares.

(c) Voting Rights

Only holders of ordinary shares have voting rights, the holders of options do not have any voting rights until the option is exercised into ordinary shares. The voting rights of the holders of ordinary shares are:

i. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
ii. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) The number of holders of each class of equity securities

Category (size of holding)	Ordinary Shares
1 – 1,000	366
1,001 – 5,000	155
5,001 – 10,000	40
10,001 – 100,000	65
100,001 – and over	18
	644

(e) 20 Largest Shareholders of Ordinary Shares

Shareholder Name	Number Held	% Held
Mr James Donald Hanson	2,000,000	15.44
Info Investments Pty Ltd	1,276,300	9.85
Baile Capital Corporation Limited	1,155,194	8.92
Mr Dave Helman	825,005	6.37
Accadia Limited	735,601	5.68
HSBC Custody Nominees (Australia) Limited	681,838	5.26
Mr Robert Klein	585,094	4.52
Network Box Pty Ltd	500,000	3.86
Mr Paul Zambon	467,277	3.61
Deko Corporation Pty Ltd	438,000	3.38
Byrne Trust (NZ) Ltd ATF The Uniful Worldwide Superannuation Fund	367,388	2.84
Mr John Pitcher	307,232	2.37
Mr Achal Kapila	293,864	2.27
Ms Joanne Pitcher	274,611	2.12
Mr Richard Steggall	227,276	1.75

1. SHAREHOLDING (con't)

(f) 20 Largest Shareholders of Ordinary Shares (con't)

Shareholder Name	Number Held	% Held
ANZ Nominees Limited (Cash Income A/C)	132,022	1.02
Mr Ronald M Beradino	130,021	1.00
Mr Andrew Fox	117,208	0.90
Carojon Pty Ltd (Imbruglia S/F A/C)	100,000	0.77
Consolidated Holdings and Equities Limited	91,357	0.71
	10,705,288	**82.64**

2. SECRETARY

The name of the company secretary is Mr Adrian Palmer.

3. REGISTERED OFFICE

The address and telephone number of the registered office is:

22-28 Boundary Street
South Melbourne, Vic 3205

Telephone: 03 9690 8550

4. REGISTER OF SECURIES

The register of holders of ordinary shares are held with Computershare Investor Services Pty Limited at the following addresses:

Level 27
345 Queen Street
Brisbane, Qld 4000

Telephone: 07 3237 2100

Level 3
60 Carrington Street
Sydney, NSW 2000

Telephone: 02 8234 5000

Yarra Falls
452 Johnston Street
Abbotsford, Vic 3067

Telephone: 03 9415 4000

Level 5
115 Grenfell Street
Adelaide, SA 5000

Telephone: 08 8236 2300

Level 2
45 St Georges Terrace
Perth, WA 6000

Telephone: 08 9323 2000

VOLTAGE IP LIMITED ABN 83 057 884 876
(Formerly Securix Corporation Limited)
AND CONTROLLED ENTITIES
CORPORATE DIRECTORY

Directors	**Mr Andrew Fox**	Chairman
	Mr Adrian Palmer	Non-Executive Director
	Mr Roger Curie	Non-Executive Director
Company Secretary	**Mr Adrian Palmer**	
Registered Office	22-28 Boundary Street South Melbourne Vic 3205 Tel +61 3 9690 8550 Fax +61 3 9699 2100	
Auditor	**Bentleys MRI** Level 7 114 William Street Melbourne VIC 3000	
Share registry	**Computershare Investor Services Pty Limited** Level 27, Central Plaza One 345 Queen Street Brisbane Queensland 4000 Tel +61 7 3237 2100 Fax +61 7 3229 9860	
ASX market code	VIP	