

VIP Gloves Limited

ABN 83 057 884 876

Annual Report - 30 June 2021

VIP Gloves Limited
Corporate directory
30 June 2021

Directors	Dr Kai Fatt (Joe) Wong - Independent Non-executive Chairman Chin Kar Yang – Managing Director Kay Wen Chen - Executive Director How Weng Chang – Independent Non-Executive Director Chee Cheong Low – Independent Non-Executive Director Peter Yee Ming Ng – Independent Non-Executive Director
Company secretary	Andrew Metcalfe
Registered office	C/- Accosec & Associates Level 26 360 Collins Street Melbourne VIC 3000 Australia
Principal place of business	No. 17 Jalan Perusahaan 1, Kawasan Perusahaan, Beranang 43700 Beranang, Selangor Darul Ehsan Malaysia
Share register	Boardroom Limited Level 7, 207 Kent Street Sydney NSW 2000 Investor phone number: (Australia) 1300 737 760 Investor phone number: (Overseas) +61 (0) 2 9290 9600
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Bankers	Westpac Banking Corporation Ltd Melbourne, Australia Hong Leong Bank Kuala Lumpur, Malaysia
Stock exchange listing	VIP Gloves Limited shares are listed on the Australian Securities Exchange (ASX code: VIP)
Website	www.vipglove.com.my

VIP Gloves Limited
Directors' report
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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of VIP Gloves Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were Directors of VIP Gloves Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Kai Fatt (Joe) Wong - Non-executive Chairman, Independent
Chin Kar Yang - Managing Director (appointed 24 May 2021) and previously Executive Director
Kay Wen Chen - Executive Director (appointed 10 June 2021)
How Weng Chang - Non-executive Director, Independent
Chee Cheong Low – Non-executive Director, Independent
Peter Yee Ming Ng – Non-executive Director, Independent
Wee Min Chen – Executive Director (deceased 17 May 2021)

Principal activities

The principal activity of the Company during the financial year was the production of nitrile gloves in Malaysia under its wholly owned Malaysian subsidiaries, VIP Glove Sdn Bhd ("VIP Glove") and KLE Products Sdn Bhd ("KLE Products").

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Interim dividend for the year ended 30 June 2021 of 0.18 cents (\$0.0018) per ordinary share	<u>1,167,749</u>	<u>-</u>

The Company declared a final dividend for the year ended 30 June 2021 of 0.05 cents per share (\$0.0005).

There is no franking account balance as the dividends were unfranked.

The Company's dividend policy is a dividend payout ratio of between 20% and 40% of earnings before significant items, subject to the Company's financial position.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$4,717,409 (30 June 2020: \$116,056) whilst the consolidated profit before depreciation and amortisation, finance costs, share-based payments and income tax expense amounted to \$16,768,134 (30 June 2020: 324,767)

During the reporting period, a share-based payment expense of \$7,544,044 was recorded for the issue of options and performance rights (2020: nil).

The profit has been attributable to increased production capacity and strong demand for product resulting in an increased average selling price for nitrile gloves during the reporting period and forward sales contracts to December 2021.

Significant changes in the state of affairs

During the reporting period, the Company commissioned two new glove production lines bringing total production lines to 6 and increasing annual production capacity to 768 million pieces. Work also commenced on the installation of a further 4 production lines which will increase annual production capacity to 936 million pieces per annum.

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The Company entered into a Deed of Revocation of the Sale and Purchase Agreement (SPA) to mutually rescind, revoke and terminate the SPA with effect from 17 February 2021. Of the total funds received amounting to \$2.9 million, the Company has repaid \$1.6 million to the purchaser of land and buildings during the reporting period. By terminating the SPA, the Company retains full control and security over the land and buildings at its glove manufacturing site located at Beranang, Selangor, Malaysia.

During the reporting period, the Company repaid in excess of \$1.2m of interest-bearing debt.

During the reporting period, the Company issued:

- 38m options (exercise price \$0.045, expiry date 23 October 2023) to Directors and KMP; and
- 80m performance rights for nil value that expire on 31 October 2023, to Directors and KMP's that vest on achieving key milestones.
- 225,000 options were converted during the reporting period,

The grant date for the issue of options and performance rights was 23 October 2020 and 1 November 2020 respectively when the share price was at 7.9c and 8.1c respectively which impact share-based payment valuations. The grant date value for the share-based payments occurred at a high point for the share price which impacted valuations resulting in a valuation of \$7.544 million when compared to the average share price for the year of 4.5 cents, whereby the charge would have been \$4.947 million.

The Company, through its Solicitors, is continuing its defence for the purported share placement arrangement. The matter is now pending for VIP's Striking Out application which is fixed for hearing on 25 October 2021. The Striking Out application is made on the basis that there are no reasonable grounds for the Plaintiff's claim. VIP has earlier secured a sum of RM50,000 from the Plaintiff as security for costs. The sum is currently held by our Solicitors until the disposal of the suit and/or any further order.

COVID-19 resulted in the implementation of the Movement Control Order (**MCO**) in Malaysia since 18 March 2020 to curb the COVID-19 virus under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. However, medical glove manufacturing is considered an essential sector under the Malaysian Government's enforced **MCO** lockdown. Being an essential sector, during the reporting period glove production at the Company's Malaysian plant continued to operate on 24 hours, 7 days a week basis.

All appropriate steps were taken to protect the health, safety and welfare of all employees, employee families, customers, suppliers, and the broader community. The Company introduced several operational protocols and steps to ensure the safety and well-being of all parties, as well as maintaining the ongoing operation of our facilities during the COVID-19 pandemic.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst there has been no negative financial impact for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Whilst the impact of the Coronavirus (COVID-19) pandemic is ongoing and the Group has been impacted in particular in regard to volume-based revenues for the year up to 30 June 2021; and should the situation not worsen from amongst other things the appearance of more aggressive strains of the virus, the potential impact, both positive or negative after the reporting date is not expected to increase. Should more aggressive strains appear, the impact will be dependent on measures imposed by the Malaysian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

An increase in revenue from nitrile glove production is expected to continue into FY22 attributable to steady average selling prices (ASP) of gloves, commissioning of the additional nitrile glove production lines, and continual improvement in operating efficiencies from the current nitrile glove manufacturing operations.

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under the law of the Commonwealth and State in Australia and Malaysia.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Information on Directors

Name:	Dr Kai Fatt (Joe) Wong
Title:	Non-executive Chairman, Independent
Experience and expertise:	Dr Wong has a Computer Science B.Sc. Degree and a Doctorate in Pharmacy and Healthcare Administration from the University of Louisiana, USA. After a stint with a large multinational pharmaceutical company, he joined a local stock broking house as an analyst before his appointment as Research Head and Dealing Manager in 1995. In 1997, he joined South Johore Securities SB as Business Development Senior Manager and later Affin - United Overseas Bank Securities in April 1998 as its Senior Vice President. Dr Wong assumed the role of Director at eAssetManagement on July 2002.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	5,080,000
Interests in options:	5,000,000
Interests in rights:	5,000,000
Name:	Chin Kar Yang
Title:	Managing Director (appointed 24 May 2021) and previously Executive Director
Experience and expertise:	Mr Yang has extensive manufacturing and property management experience in Malaysia. He is also Managing Director of VIP Glove and KLE Products.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	12,500,000
Interests in options:	7,500,000
Interests in rights:	12,500,000
Name:	Kay Wen Chen (appointed 10 June 2021)
Title:	Executive Director
Qualifications:	BS (Hons) in Business Administration
Experience and expertise:	Ms Chen has been managing the finance and administration functions of VIP Glove and KLE Products since 2010
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	895,000
Interests in options:	Nil
Interests in rights:	775,000

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Name: How Weng Chang
 Title: Non-executive Director, Independent
 Qualifications: Bachelor of Business Administration (cum laude) majoring in Finance & Banking.
 Experience and expertise: Mr Chang has over 25 years' experience in the regional investment environment in Malaysia, in the areas of stockbroking, corporate finance, fund management and venture capital investments. Mr Chang has been educated in Malaysia and USA

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 7,111,320
 Interests in options: 5,000,000
 Interests in rights: 5,000,000

Name: Chee Cheong Low
 Title: Non-executive Director, Independent
 Experience and expertise: Mr Low has more than 20 years of investment banking and corporate advisory experience in Asia and Australia having advised on various mergers and acquisitions, initial public offerings, fund raising (both debt and equity) and during the Asian Financial Crisis, corporate and debt restructuring.

He is the founder and director of JCL Capital Pty Ltd, a boutique investment advisory house which focuses on cross border mergers & acquisitions and fund raising linking between Asia and Australia.

Other current directorships: Nil
 Former directorships (last 3 years): Chairman of Ennox Group Limited (ASX: EXO)
 Executive Director of Taiton Resources Limited

Interests in shares: 260,000
 Interests in options: 5,000,000

Name: Peter Yee Ming Ng
 Title: Non-executive Director, Independent
 Experience and expertise: Mr Ng is an Australian Legal Practitioner and graduate of Monash University, currently practicing law as the principal director of a boutique legal firm in Melbourne, Australia. Prior to entering into legal practice, he was an Associate Director of a private equity investment house specialising in managing and raising the public profiles of small and emerging companies in the mining and renewable energy sector. He also has had experience in managing portfolio investment funds covering listed equities, fixed income securities and real estate investments.

Other current directorships: Nil
 Former directorships (last 3 years): Non-Executive Director of Taiton Resources Limited
 Interests in shares: 273,600
 Interests in options: 4,775,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Andrew Metcalfe (B.Bus, CPA, FGIA, GAICD) is a qualified accountant with over 26 years' experience across a variety of industry sectors, holding the position of Company Secretary, governance advisor and CFO for a number of ASX listed entities and unlisted public entities. Andrew is employed by Accosec & Associates and assists the Company in Company secretarial practice and procedures and governance issues. Mr. Metcalfe has held the role since May 2009.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board Attended	Held
Dr Kai Fatt Wong	6	6
Chin Kar Yang	6	6
Kay Wen Chen	1	1
How Weng Chang	6	6
Chee Cheong Low	6	6
Peter Yee Ming Ng	6	6
Wee Min Chen (1)	4	4

1. Deceased 17 May 2021

Held: represents the number of meetings held during the time the Director held office.

Resolutions passed by Circular Resolution of the Board are not reported in the above table.

During the reporting period, the Board did not establish sub-committees, hence all matters that would ordinarily be addressed by sub-committees are addressed by the Board.

Retirement, election and continuation in office of Directors

In accordance with the Constitution, one third of the previously elected Directors will retire at the annual general meeting and all directors appointed since the date of the last annual general meeting, being eligible, offer themselves for re-election.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Given the size and nature of the Company and the Board, the Board has elected not to establish a People and Culture Committee responsible for remuneration matters under that charter, and instead discharges such responsibilities usually delegated to a People and Culture Committee itself. The Board has adopted a Remuneration Policy to provide guidance as to the principles to be considered in determining the nature and amount of remuneration payable to Directors, executives and senior management.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Director's remuneration

Non-executive Directors' fees and payments are reviewed annually by the Board in light of demands of the Directors from time to time and the financial condition of the Company.

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. In the reporting period, non-executive Directors received LTIP incentives in the form of share options and performance rights which was approved by shareholders on 19 October 2020.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 18 December 2015, where the shareholders approved a maximum annual aggregate remuneration of \$250,000.

A Director may also be paid fees or other amounts as Directors determine if a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. No additional fees were paid to any non-executive Director during the financial period.

A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their Directorship or any special duties.

Executive remuneration

As a policy, in determining executive remuneration, the Board would endeavour to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Until the Company develops its remuneration structure, the executive remuneration and reward framework has the following components that form the executive's total remuneration:

- base pay and non-monetary benefits and other remuneration such as superannuation;
- Short term incentives in the form of a cash remuneration bonus/benefit at the discretion of the Board;
- Long term incentives in the form of Options and Performance Rights.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example mobile phone benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

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Consolidated entity performance and link to remuneration

As the Company has not yet developed a reward framework, remuneration for certain individuals is not directly linked to the performance of the consolidated entity at the date of this report.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2021, no remuneration consultants were engaged.

Voting and comments made at the Company's Annual General Meeting ('AGM')

At the 7 December 2020 AGM, 98.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of directors and other key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of VIP Gloves Limited:

- Kai Fatt Wong - Non-executive Chairman, Independent
- Chin Kar Yang - Managing Director (appointed 24 May 2021) and previously Executive Director
- Kay Wen Chen - Executive Director (appointed 10 June 2021)
- How Weng Chang - Non-executive Director, Independent
- Chee Cheong Low – Non-executive Director, Independent
- Peter Yee Ming Ng – Non-executive Director, Independent
- Wee Min Chen – Managing Director (deceased 17 May 2021)

And the following persons:

- Andrew Metcalfe - Company Secretary
- Ei Ling Chong - Director – VIP Glove Sdn Bhd and KLE Products Sdn Bhd *
- Ruey Shen Ow - Chief Financial Officer
- Kah Wai Wong - General Manager

* Due to requirements of the Malaysian Registrar of Companies (ROC), Ei Ling Chong is still a VIP Glove Sdn Bhd and KLE Products Sdn Bhd named Director in the ROC's register but has foregone any control over the companies. There are no fees/remuneration paid to Ei Ling Chong in the reporting period.

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	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
30 June 2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Kai Fatt Wong	57,583	-	-	-	-	954,188	1,011,771
How Weng Chang	45,583	-	-	-	-	954,188	999,771
Chee Cheong Low	36,000	-	-	-	-	223,650	259,650
Peter Yee Ming Ng	36,000	-	-	-	-	213,525	249,525
<i>Executive Directors:</i>							
Chin Kar Yang	194,691	85,177	-	33,584	-	2,161,820	2,475,272
Kay Wen Chen (3)	84,918	24,366	-	12,674	-	113,233	235,191
Wee Min Chen (1)	223,084	85,177	-	31,151	-	2,161,820	2,501,232
<i>Other Key Management Personnel:</i>							
Andrew Metcalfe (2)	67,100	-	-	-	-	134,190	201,290
Ruey Shen Ow	25,700	-	-	-	-	-	25,700
Kah Wai Wong (4)	73,267	24,336	-	11,214	-	-	108,817
	<u>843,926</u>	<u>219,056</u>	<u>-</u>	<u>88,623</u>	<u>-</u>	<u>6,916,614</u>	<u>8,068,219</u>

1. Represents remuneration from 1 July 2020 to 17 May 2021.

2. Represents fees paid to Accosec & Associates in which Andrew Metcalfe is Director; and provides the services of Company Secretary and CFO to VIP Gloves Limited.

3. Ms Chen was appointed an Executive Director on 10 June 2021. Prior to being appointed Executive Director of VIP Gloves Ltd, Ms Chen's role was director of the Company's two subsidiary companies in Malaysia. The remuneration for her previous role was A\$47,500 per annum. Includes accrued annual leave benefit.

4. Includes accrued annual leave benefit.

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary	Other fees	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
30 June 2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Dr Kai Fatt Wong	66,000	-	-	-	-	-	66,000
How Weng Chang (1)	46,814	-	-	-	-	-	46,814
Chee Cheong Low (2)	26,226	-	-	-	-	-	26,226
Peter Yee Ming Ng (3)	24,789	-	-	-	-	-	24,789
Michael Higginson (4)	49,800	-	-	-	-	-	49,800
Wayne Johnson (5)	12,000	-	-	-	-	-	12,000
<i>Executive Directors:</i>							
Wee Min Chen	141,678	-	-	11,394	-	-	153,072
Chin Kar Yang	159,387	-	-	19,765	-	-	179,152
Kay Wen Chen	48,569	-	-	6,159	-	-	54,728
<i>Other Key Management Personnel:</i>							
Andrew Metcalfe (6)	45,600	-	-	-	-	-	45,600
Terence Hiew	31,523	-	-	4,110	-	-	35,633
Ei Ling Chong	28,690	-	-	-	-	-	28,690
Ruey Shen Ow	10,272	-	-	-	-	-	10,272
Kah Wai Wong (7)	51,536	-	-	6,511	-	-	58,047
	742,884	-	-	47,939	-	-	790,823

1. Represents remuneration from 8 August 2019 to 30 June 2020.

2. Represents remuneration from 8 October 2019 to 30 June 2020.

3. Represents remuneration from 24 October 2019 to 30 June 2020.

4. Represents remuneration from 1 July 2019 to 5 June 2020.

5. Represents remuneration from 1 July 2019 to 30 September 2019.

6. Represents fees paid to Accosec & Associates in which Andrew Metcalfe is a director; and provides the services of Company Secretary and CFO to VIP Gloves Limited.

7. Represents remuneration from 2 February 2020 to 30 June 2020.

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The proportion of remuneration received that was linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<i>Non-Executive Directors:</i>						
Kai Fatt Wong	6%	100%	62%	-	32%	-
How Weng Chang	5%	100%	62%	-	33%	-
Chee Cheong Low	14%	100%	86%	-	-	-
Peter Yee Ming Ng	14%	100%	86%	-	-	-
Michael Higginson	-	100%	-	-	-	-
Wayne Johnson	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Chin Kar Yang	13%	100%	54%	-	33%	-
Kay Wen Chen	52%	100%	27%	-	21%	-
Wee Min Chen	20%	100%	32%	-	48%	-
<i>Other Key Management Personnel:</i>						
Andrew Metcalfe	33%	100%	67%	-	-	-
Ruey Shen Ow	100%	100%	-	-	-	-
Kah Wai Wong	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Wee Min Chen
Title:	Executive Director – VIP Gloves Ltd, VIP Glove Sdn Bhd and KLE Products Sdn Bhd
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable – termination on 6 months' notice (agreement expired on 17 May 2021 on passing of director)
Details:	Base fee for the year ending 30 June 2021 of \$190,000 per annum.
Name:	Chin Kar Yang
Title:	Managing Director – VIP Gloves Ltd, VIP Glove Sdn Bhd and KLE Products Sdn Bhd
Agreement commenced:	17 November 2017
Term of agreement:	Termination on 1 months' notice
Details:	Base fee for 6 months to 31 December 2020 of \$150,000 per annum; amended 1 January 2021 to \$250,000 per annum.
Name:	Kay Wen Chen
Title:	Executive Director
Agreement commenced:	10 June 2021
Term of agreement:	Termination on 3 months' notice
Details:	Base fee for the year ending 30 June 2021 of \$54,000 per annum; amended from 1 June 2021 to a base fee of \$250,000 per annum on being appointed Executive Director.
Name:	Ruey Shen Ow
Title:	Chief Financial Officer
Agreement commenced:	1 November 2018
Term of agreement:	Not applicable – termination on 1 months' notice
Details:	Base fee for the year ending 30 June 2021 of \$25,500.

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Name: Andrew Metcalfe
 Title: Company Secretary
 Agreement commenced: 29 January 2016
 Term of agreement: Not applicable
 Details: Base consultancy fee for the year ending 30 June 2021 of \$42,000.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Kai Fatt Wong	5,000,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447
Chin Kar Yang	7,500,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447
How Weng Chang	5,000,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447
Chee Cheong Low	5,000,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447
Peter Yee M. Ng	5,000,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447
Wee Min Chen	7,500,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447
Andrew Metcalfe	3,000,000	23/10/2020	23/10/2020	23/10/2023	\$0.0450	\$0.0447

Options granted carry no dividend or voting rights. Each option held converts to 1 ordinary share in the Company.

The Options were issued to Directors and Key Management Personnel for no consideration as a short-term incentive and have an exercise price of 4.5 cents and an expiry date of 23 October 2023. The options vested immediately on issue.

Of the 38 million options issued, 225,000 options were converted to ordinary shares during the reporting period.

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Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Kai Fatt Wong	5,000,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Kai Fatt Wong	5,000,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
Chin Kar Yang	12,500,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Chin Kar Yang	12,500,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
Wee Min Chen	12,500,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Wee Min Chen	12,500,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
How Weng Chang	5,000,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
How Weng Chang	5,000,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
Kay Wen Chen *	775,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Kay Wen Chen *	775,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
Kay Shing Chen *	305,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Kay Shing Chen *	305,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
Ee Theng Chen *	400,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Ee Theng Chen *	400,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810
Kah Wai Wong	525,000	1/11/2020	31/01/2021	31/10/2023	\$0.0000	\$0.0810
Kah Wai Wong	525,000	1/11/2020		31/10/2023	\$0.0000	\$0.0810

* Related parties of Wee Min Chen

Performance rights granted carry no dividend or voting rights. Each right held converts to 1 ordinary share in the Company.

The Performance Rights were issued to Directors and Key Management Personnel for no consideration as a long-term incentive and have a nil exercise price. Performance Rights will vest subject to satisfaction of applicable conditions and become exercisable for nil consideration.

40,000,000 Class A Performance Rights vested upon the Company achieving monthly revenue of at least RM7,000,000 (approximately AU\$2,272,285) per month for 3 successive months. For the period November 2020 to January 2021, the Company's revenue was November 2020: RM15,463,876 (AU\$5,019,761), December 2020: RM12,696,716 (AU\$4,121,507) and January 2021: RM11,144,807 (AU\$3,617,739). The Class A Performance Right milestone of at least RM7,000,000 per month was achieved and these rights vested on 31 January 2021.

40,000,000 Class B Performance Rights will vest upon the Company achieving total nitrile gloves production capacity above 70,000,000 pieces per month. As at 30 June 2021, total production capacity for nitrile gloves was approximately 65,000,000 pieces per month. These rights had not vested as at balance date, as they had not met vesting conditions.

The above performance milestones are to be achieved within three years after the issue of the Performance Rights. If they are not achieved by that date, the Performance Rights will lapse.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	48,123,312	13,696,465	11,691,611	11,391,412	9,032,903
Profit/(Loss) before income tax	8,870,445	(279,580)	(4,797,309)	(2,323,847)	(3,533,344)
Profit/(Loss) after income tax	4,717,409	116,056	(4,797,309)	(2,323,847)	(3,510,409)

VIP Gloves Limited
Directors' report
30 June 2021

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.05	0.03	0.04	0.04	0.08
Basic earnings per share (cents per share)	0.62	0.02	(1.04)	(0.63)	(1.09)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions ***	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Kai Fatt Wong	80,000	-	5,000,000	-	5,080,000
Chin Kar Yang	-	-	12,500,000	-	12,500,000
How Weng Chang	2,111,320	-	5,000,000	-	7,111,320
Chee Cheong Low	-	-	260,000	-	260,000
Peter Yee Ming Ng	-	-	273,600	-	273,600
Wee Min Chen *	46,150,948	-	15,110,000	-	61,260,948
Andrew Metcalfe	2,052,025	-	-	-	2,052,025
Kay Wen Chen **	120,000	-	775,000	-	895,000
Kay Shing Chen **	-	-	305,000	-	305,000
Ee Theng Chen **	-	-	400,000	-	400,000
	50,514,293	-	39,623,600	-	90,137,893

* Deceased 17 May 2021 – securities are held in the Estate of the late Mr WM Chen

** Related parties of Wee Min Chen

*** Includes the issue of new shares from exercise of performance rights.

No other director or key management personnel holds shares in the Company.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Kai Fatt Wong	-	5,000,000	-	-	5,000,000
Chin Kar Yang	-	7,500,000	-	-	7,500,000
How Weng Chang	-	5,000,000	-	-	5,000,000
Chee Cheong Low	-	5,000,000	-	-	5,000,000
Peter Yee Ming Ng	-	5,000,000	(225,000)	-	4,775,000
Wee Min Chen *	-	7,500,000	-	-	7,500,000
Andrew Metcalfe	-	3,000,000	-	-	3,000,000
	-	38,000,000	(225,000)	-	37,775,000

* Deceased 17 May 2021 – securities are held in the Estate of the late Mr WM Chen

** All options remaining at end of year were vested and exercisable.

VIP Gloves Limited
Directors' report
30 June 2021

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Kai Fatt Wong	-	10,000,000	(5,000,000)	-	5,000,000
Chin Kar Yang	-	25,000,000	(12,500,000)	-	12,500,000
How Weng Chang	-	10,000,000	(5,000,000)	-	5,000,000
Wee Min Chen *	-	25,000,000	(12,500,000)	-	12,500,000
Kay Wen Chen **	-	1,550,000	(775,000)	-	775,000
Kay Shing Chen **	-	610,000	(305,000)	-	305,000
Ee Theng Chen **	-	800,000	(400,000)	-	400,000
Kah Wai Wong	-	1,050,000	(525,000)	-	525,000
	-	74,010,000	(37,005,000)	-	37,005,000

* Deceased 17 May 2021 – securities are held in the Estate of the late Mr WM Chen

** Related parties of Wee Min Chen

Other transactions with key management personnel and their related parties

As at 30 June 2021, there are loans outstanding between key management personnel and the consolidated entity.

Loans reported at 30 June 2020 that were satisfied during the reporting period are:

- Director Chin Kar Yang was repaid an unsecured, non-interest-bearing loan payable at call amounting to \$109,174.
- Directors Wee Min Chen and Kay Wen Chen, through Keng Lek Engineering, a director-related entity, repaid an advance amounting to \$44,066.

There are no other transactions with key management personnel and their related parties during the year ended 30 June 2021. Ms Kay Wen Chen was appointed Executive Director of VIP Gloves Limited on 10 June 2021. She is a related party of the late Wee Min Chen and received \$235,191 for her services as director for the year ended 30 June 2021 (30 June 2020: \$54,728).

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of VIP Gloves Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23/10/2020	23/10/2023	\$0.0450	37,775,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of VIP Gloves Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
1/11/2020	31/10/2023	\$0.0000	40,000,000

VIP Gloves Limited
Directors' report
30 June 2021

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of VIP Gloves Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

	Exercise price	Number of shares issued
Date options granted		
23/10/2020	\$0.0450	225,000

Shares issued on the exercise of performance rights

The following ordinary shares of VIP Gloves Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of performance rights granted:

	Exercise price	Number of shares issued
Date performance rights granted		
1/11/2020	\$0.0000	40,000,000

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

VIP Gloves Limited
Directors' report
30 June 2021

The Directors are of the opinion that the services as disclosed in the Audit fee note to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Independence Standards and APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Non-audit services provided during the financial year by the audit firm were for tax advisory services totalling \$20,223.

There were no other non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of William Buck

There are no officers of the Company who are former partners of William Buck.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Kai Fatt Wong - Director

1 October 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF VIP GLOVES LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Dated this 1st day of October, 2021

ACCOUNTANTS & ADVISORS

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williambuck.com

VIP Gloves Limited**Contents****30 June 2021**

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General information

The financial statements cover VIP Gloves Limited as a consolidated entity consisting of VIP Gloves Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is VIP Gloves Limited's functional and presentation currency.

VIP Gloves Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/- Accosec & Associates
Level 26
360 Collins Street
Melbourne VIC 3000
Australia

Principal place of business

No. 17 Jalan Perusahaan 1,
Kawasan Perusahaan, Beranang
43700 Beranang, Selangor Darul Ehsan
Malaysia

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 1 October 2021. The Directors have the power to amend and reissue the financial statements.

VIP Gloves Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

		Consolidated	
	Note	30 June 2021	30 June 2020
		\$	\$
Revenue			
Revenue	4	48,123,312	13,696,465
Cost of goods sold		<u>(28,958,206)</u>	<u>(11,488,623)</u>
Gross profit		<u>19,165,106</u>	<u>2,207,842</u>
Other income	5	32,577	46,035
Interest revenue		367	8,859
Expenses			
Employee benefits expense		(1,348,470)	(956,818)
Impairment of inventory	6	-	290,721
Legal and professional fees		(309,339)	(223,554)
Commissions		(146,075)	-
Foreign exchange losses		-	(12,419)
Movement in provision for expected credit losses	6	(83,864)	(5,685)
Administration expenses		<u>(542,168)</u>	<u>(1,030,214)</u>
Total expenses		<u>(2,429,916)</u>	<u>(1,937,969)</u>
Profit before depreciation and amortisation, finance costs, share-based payments and income tax expense		16,768,134	324,767
Depreciation and amortisation expense	6	(145,556)	(93,219)
Share-based payments	32	(7,544,044)	-
Finance costs	6	(208,089)	(511,128)
Profit/(loss) before income tax (expense)/benefit		8,870,445	(279,580)
Income tax (expense)/benefit	7	<u>(4,153,036)</u>	<u>395,636</u>
Profit after income tax (expense)/benefit for the year	19	4,717,409	116,056
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(840,318)</u>	<u>(301,540)</u>
Other comprehensive income for the year, net of tax		<u>(840,318)</u>	<u>(301,540)</u>
Total comprehensive income for the year		<u><u>3,877,091</u></u>	<u><u>(185,484)</u></u>
		Cents	Cents
Basic earnings per share	31	0.62	0.02
Diluted earnings per share	31	0.59	0.02

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

VIP Gloves Limited
Statement of financial position
As at 30 June 2021

		Consolidated	
	Note	30 June 2021	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	1,691,921	2,052,895
Trade and other receivables	9	785,858	467,032
Inventories	10	5,949,363	665,441
Term deposits		792,878	505,681
Prepayments		103,834	174,644
		<u>9,323,854</u>	<u>3,865,693</u>
Non-current assets classified as held for sale	11	-	3,093,719
Total current assets		<u>9,323,854</u>	<u>6,959,412</u>
Non-current assets			
Property, plant and equipment	12	17,777,117	13,361,930
Deferred tax	7	-	380,268
Total non-current assets		<u>17,777,117</u>	<u>13,742,198</u>
Total assets		<u>27,100,971</u>	<u>20,701,610</u>
Liabilities			
Current liabilities			
Trade and other payables	13	3,120,410	3,232,443
Contract liabilities	14	157,601	2,716,201
Other financial liabilities	15	1,532,741	3,837,633
Income tax	7	525,482	169,480
Bank overdraft	8	-	1,092,677
Total current liabilities		<u>5,336,234</u>	<u>11,048,434</u>
Non-current liabilities			
Other financial liabilities	16	1,548,796	-
Deferred tax	7	500,131	-
Total non-current liabilities		<u>2,048,927</u>	<u>-</u>
Total liabilities		<u>7,385,161</u>	<u>11,048,434</u>
Net assets		<u>19,715,810</u>	<u>9,653,176</u>
Equity			
Issued capital	17	21,615,410	18,556,098
Reserves		2,686,650	(767,012)
Accumulated losses	19	<u>(4,586,250)</u>	<u>(8,135,910)</u>
Total equity		<u>19,715,810</u>	<u>9,653,176</u>

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

VIP Gloves Limited
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Share-based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	14,920,799	-	(465,472)	(8,251,966)	6,203,361
Profit after income tax benefit for the year	-	-	-	116,056	116,056
Other comprehensive income for the year, net of tax	-	-	(301,540)	-	(301,540)
Total comprehensive income for the year	-	-	(301,540)	116,056	(185,484)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 17)	3,692,303	-	-	-	3,692,303
Capital raising costs	(57,004)	-	-	-	(57,004)
Balance at 30 June 2020	<u>18,556,098</u>	<u>-</u>	<u>(767,012)</u>	<u>(8,135,910)</u>	<u>9,653,176</u>

Consolidated	Issued capital \$	Share-based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	18,556,098	-	(767,012)	(8,135,910)	9,653,176
Profit after income tax expense for the year	-	-	-	4,717,409	4,717,409
Other comprehensive income for the year, net of tax	-	-	(840,318)	-	(840,318)
Total comprehensive income for the year	-	-	(840,318)	4,717,409	3,877,091
<i>Transactions with owners in their capacity as owners:</i>					
Capital raising costs relating to prior reporting period	(200,877)	-	-	-	(200,877)
Vesting of share-based payments (note 32)	-	7,544,044	-	-	7,544,044
Conversion of options and share-based payment to ordinary shares (note 17)	3,260,189	(3,250,064)	-	-	10,125
Dividends paid (note 20)	-	-	-	(1,167,749)	(1,167,749)
Balance at 30 June 2021	<u>21,615,410</u>	<u>4,293,980</u>	<u>(1,607,330)</u>	<u>(4,586,250)</u>	<u>19,715,810</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

VIP Gloves Limited
Statement of cash flows
For the year ended 30 June 2021

		Consolidated	
	Note	30 June 2021	30 June 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers		45,193,980	17,488,064
Payments to suppliers and employees		(35,514,716)	(15,573,028)
		9,679,264	1,915,036
Interest received		1,272	8,859
Proceeds from grants		-	30,422
Interest and other finance costs paid		(216,882)	(583,309)
Income taxes paid		(2,912,702)	-
Net cash from operating activities	30	6,477,958	1,371,008
Cash flows from investing activities			
Payments for property, plant and equipment	12	(3,578,401)	(2,269,957)
Payments for term deposits		-	(197,773)
Deposit received for sale and leaseback transaction		2,332,483	612,787
Refund of deposit received for sale and leaseback transaction		(1,631,925)	-
Proceeds from disposal of property, plant and equipment		-	62,610
Net cash used in investing activities		(2,877,843)	(1,792,333)
Cash flows from financing activities			
Proceeds from issue of shares	17	-	3,135,539
Proceeds from exercise of options		10,125	-
Share issue transaction costs	17	(200,877)	(57,004)
Dividends paid	20	(1,167,749)	-
Repayment of borrowings and term loan		(758,212)	(465,895)
Repayment of borrowings from related parties		(110,756)	-
Repayment of convertible notes		(570,000)	-
Net cash from/(used in) financing activities		(2,797,469)	2,612,640
Net increase in cash and cash equivalents		802,646	2,191,315
Cash and cash equivalents at the beginning of the financial year		960,218	(1,178,182)
Effects of exchange rate changes on cash and cash equivalents		(70,943)	(52,915)
Cash and cash equivalents at the end of the financial year	8	1,691,921	960,218

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of VIP Gloves Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. VIP Gloves Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 1. Significant accounting policies (continued)

Foreign currency translation

The financial statements are presented in Australian dollars, which is VIP Gloves Limited's functional and presentation currency. The functional currency of KLE Products Sdn Bhd and VIP Glove Sdn Bhd is Malaysian Ringgit.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Note 1. Significant accounting policies (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings and improvements	50 years
Plant and equipment	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Leasehold land	99 years
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Note 1. Significant accounting policies (continued)

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. The Company has also issued convertible notes which are recognised at their fair value.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 1. Significant accounting policies (continued)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of VIP Gloves Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 1. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of property, plant and equipment

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Due to the strong prospectivity of revenue performance from glove manufacturing operations, the consolidated entity recognises that its tax losses will be utilised in the future.

Note 3. Operating segments

Identification of reportable operating segments

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Chief Operating Decision Maker (CODM) (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

During the period, the Company's considers that it has only operated in one segment, being a nitrile glove manufacturing business in Malaysia. However, the consolidated entity has operated across two geographical locations, Malaysia and Australia. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

The Company is domiciled in Australia. Revenue from external customers is generated in Malaysia. Assets are located in Malaysia and Australia.

	Malaysia \$	Australia \$	elimination / unallocated \$	Total \$
Consolidated - 30 June 2021				
Revenue				
Sales to external customers	48,123,312	-	-	48,123,312
Interest revenue	366	-	1	367
Total revenue	<u>48,123,678</u>	<u>-</u>	<u>1</u>	<u>48,123,679</u>
EBITDA	12,301,615	(1,969,182)	-	10,332,433
Depreciation and amortisation	(1,254,266)	-	-	(1,254,266)
Interest revenue	366	-	1	367
Finance costs	-	-	(208,089)	(208,089)
Profit/(loss) before income tax expense	<u>11,047,715</u>	<u>(1,969,182)</u>	<u>(208,088)</u>	<u>8,870,445</u>
Income tax expense				(4,153,036)
Profit after income tax expense				<u>4,717,409</u>
Assets				
Segment assets	<u>27,047,730</u>	<u>13,659,657</u>	<u>(13,606,416)</u>	<u>27,100,971</u>
Total assets				<u>27,100,971</u>
Liabilities				
Segment liabilities	<u>7,336,707</u>	<u>48,454</u>	<u>-</u>	<u>7,385,161</u>
Total liabilities				<u>7,385,161</u>

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Note 3. Operating segments (continued)

Consolidated - 30 June 2020	Malaysia \$	Australia \$	elimination / unallocated \$	Total \$
Revenue				
Sales to external customers	13,696,465	-	-	13,696,465
Interest revenue	8,859	-	-	8,859
Total revenue	<u>13,705,324</u>	<u>-</u>	<u>-</u>	<u>13,705,324</u>
EBITDA	1,349,734	(521,690)	-	828,044
Depreciation and amortisation	(605,355)	-	-	(605,355)
Interest revenue	8,859	-	-	8,859
Finance costs	-	-	(511,128)	(511,128)
Profit/(loss) before income tax benefit	<u>753,238</u>	<u>(521,690)</u>	<u>(511,128)</u>	<u>(279,580)</u>
Income tax benefit				395,636
Profit after income tax benefit				<u>116,056</u>
Assets				
Segment assets	<u>20,700,044</u>	<u>10,290,066</u>	<u>(10,288,500)</u>	<u>20,701,610</u>
Total assets				<u>20,701,610</u>
Liabilities				
Segment liabilities	<u>10,172,051</u>	<u>876,383</u>	<u>-</u>	<u>11,048,434</u>
Total liabilities				<u>11,048,434</u>

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Major product lines</i>		
Nitrile gloves – VIP Glove Sdn Bhd	47,980,892	13,525,238
Conveyer chain parts – KLE Products Sdn Bhd	142,420	171,227
	<u>48,123,312</u>	<u>13,696,465</u>

Geographical regions

All revenue is earned by Malaysian subsidiaries, and from operations in Malaysia.

Note 4. Revenue (continued)

Information about major customers:

The consolidated entity had the following major customers with revenues amounting to 10 percent or more of total group revenues:

	Consolidated 30 June 2021 %	Consolidated 30 June 2020 %
Customer #1	25%	27%
Customer #2	15%	-
Customer #3	14%	-
Customer #4	12%	-
Customer #5	-	12%
Customer #6	-	12%

Note 5. Other income

	Consolidated 30 June 2021 \$	Consolidated 30 June 2020 \$
Net foreign exchange gain	509	-
Net gain on disposal of property, plant and equipment	-	15,613
Other revenue	32,068	30,422
Other income	<u>32,577</u>	<u>46,035</u>

Note 6. Expenses

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Motor vehicles	35,275	2,621
Office equipment	12,007	11,671
Leasehold buildings	15,193	14,821
Land right-of-use assets	83,081	64,106
Total depreciation	145,556	93,219
<i>Depreciation included in cost of goods sold</i>		
Plant and equipment	1,108,711	525,166
Total depreciation and amortisation	1,254,267	618,385
<i>Provision for impairment</i>		
Impairment of inventories	-	(290,721)
Provision for expected credit losses	83,864	5,685
Total impairment	83,864	(285,036)
<i>General and administrative expenses</i>		
Employee wages and related costs	681,997	494,640
Directors fees	666,473	462,178
Auditors fees	64,075	75,615
Other administration expenses	542,168	954,599
Total general and administrative expenses	1,954,713	1,987,032
<i>Share-based payments - equity based performance bonus granted to senior management, directors and key management personnel</i>		
Options	1,699,740	-
Performance rights	5,844,304	-
Total Share-based payment expenses	7,544,044	-
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	163,358	427,224
Other	44,731	83,904
Finance costs expensed	208,089	511,128

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Note 7. Income tax

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax	3,272,637	(15,368)
Deferred tax	880,399	(380,268)
Aggregate income tax expense/(benefit)	<u>4,153,036</u>	<u>(395,636)</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	380,268	(380,268)
Increase in deferred tax liabilities	500,131	-
Deferred tax	<u>880,399</u>	<u>(380,268)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit	<u>8,870,445</u>	<u>(279,580)</u>
Tax at the statutory tax rate of 24%	2,128,907	(67,099)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	<u>144,836</u>	<u>568,050</u>
Non assessable income	2,273,743	500,951
Non-deductible share-based payment arrangements	(8,175)	-
Tax credits from temporary differences and carried forward losses not brought to account	1,810,570	-
Tax credits from temporary differences and carried forward losses brought to account	76,898	(284,025)
	<u>-</u>	<u>(612,562)</u>
Income tax expense/(benefit)	<u>4,153,036</u>	<u>(395,636)</u>
	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>6,063,796</u>	<u>5,743,387</u>
Potential tax benefit @ 24%	<u>1,455,311</u>	<u>1,378,413</u>

Tax losses and credits from timing differences arising from operations in Australia are still yet to be recognised given the uncertainty as to when and if those credits may be utilised.

Note 7. Income tax (continued)

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	567,974	-
Allowance for expected credit losses	(55,717)	-
Unrealised foreign exchange loss	(752)	-
Lease liabilities	(11,374)	-
	<u>500,131</u>	<u>-</u>
Deferred tax liability	<u>500,131</u>	<u>-</u>
Movements:		
Opening balance	-	-
Charged to profit or loss	500,131	-
	<u>500,131</u>	<u>-</u>
Closing balance	<u>500,131</u>	<u>-</u>
	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Provision for income tax</i>		
Provision for income tax	<u>525,482</u>	<u>169,480</u>

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Cash at bank	<u>1,691,921</u>	<u>2,052,895</u>
	Consolidated	
	30 June 2021	30 June 2020
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	1,691,921	2,052,895
Bank overdraft	-	(1,092,677)
	<u>1,691,921</u>	<u>960,218</u>
Balance per statement of cash flows	<u>1,691,921</u>	<u>960,218</u>

Note 9. Current assets - trade and other receivables

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Trade receivables	862,754	387,867
Less: Allowance for expected credit losses	(83,864)	-
	<u>778,890</u>	<u>387,867</u>
Receivable from related parties	-	44,066
Other receivables	6,968	35,099
	<u>785,858</u>	<u>467,032</u>

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	-	752,746	186,095	-	-
0 to 3 months overdue	-	-	24,547	4,377	-	-
3 to 6 months overdue	-	-	-	4,498	-	-
Over 6 months overdue	98.13%	-	85,461	192,897	83,864	-
			<u>862,754</u>	<u>387,867</u>	<u>83,864</u>	<u>-</u>

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Opening balance	-	1,403,164
Additional allowance recognised during the period	83,864	5,465
Foreign currency translation	-	(15,796)
Receivables written off during the year as uncollectable	-	(1,392,833)
Closing balance	<u>83,864</u>	<u>-</u>

Note 10. Current assets - inventories

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Raw materials	2,311,557	363,000
Work in progress	132,278	77,722
Finished goods	3,505,528	224,719
	<u>5,949,363</u>	<u>665,441</u>

Note 11. Current assets - non-current assets classified as held for sale

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Land and buildings	-	3,093,719

On 17 January 2020, the consolidated entity announced that through its two wholly owned Malaysian subsidiaries they have executed a sale agreement for the sale of land and buildings to DC Glove Sdn Bhd (an unrelated Malaysian company) (DC Glove); and simultaneously executed a tenancy agreement with DC Glove (Leaseback). The sale and leaseback of the land was subject to local Malaysian government approval, which was received in July 2020. The land is subject to a 99-year lease.

On 18 February 2021, the consolidated entity announced that, due to the Covid-19 pandemic, both parties had mutually agreed to terminate the sale agreement. Of the total funds already received totalling \$2,945,270 the Company paid back \$1,631,925 during the reporting period and the remaining \$1,313,345 is to be paid in the next reporting period.

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Plant and equipment - at cost (i)	13,489,310	5,469,981
Less: Accumulated depreciation	(3,382,922)	(2,432,531)
Less: Impairment	(126,253)	(134,179)
	<u>9,980,135</u>	<u>2,903,271</u>
Motor vehicles - at cost (i)	243,065	12,596
Less: Accumulated depreciation	(39,748)	(5,248)
	<u>203,317</u>	<u>7,348</u>
Office equipment - at cost (i)	127,961	118,697
Less: Accumulated depreciation	(53,099)	(43,839)
	<u>74,862</u>	<u>74,858</u>
Leasehold buildings (i)	1,724,108	718,490
Less: Accumulated depreciation	(113,997)	(105,220)
	<u>1,610,111</u>	<u>613,270</u>
Capital works in progress (i)	<u>1,339,660</u>	<u>6,909,408</u>
Leasehold land - right-of-use (ii)	5,098,271	2,960,336
Less: Accumulated depreciation	(529,239)	(106,561)
	<u>4,569,032</u>	<u>2,853,775</u>
	<u><u>17,777,117</u></u>	<u><u>13,361,930</u></u>

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations:

(i) Property, plant and equipment

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold buildings \$	Plant & equipment \$	Office equipment \$	Motor Vehicles \$	Capital Works* \$	Total \$
Balance at 1 July 2019	1,571,620	3,469,007	92,283	9,980	4,771,732	9,914,622
Additions	18,724	2,431	1,535	-	2,247,267	2,269,957
Classified as held for sale (note 11)	(945,168)	-	-	-	-	(945,168)
Disposals	-	(23,996)	(6,774)	-	-	(30,770)
Exchange differences	(17,085)	(19,005)	(515)	(11)	(109,591)	(146,207)
Depreciation expense	(14,821)	(525,166)	(11,671)	(2,621)	-	(554,279)
Balance at 30 June 2020	613,270	2,903,271	74,858	7,348	6,909,408	10,508,155
Additions	102,890	58,778	16,276	231,213	3,122,035	3,531,192
Dissolution of leaseback sale agreement (note 11)	945,168	-	-	-	-	945,168
Exchange differences	(36,024)	(156,857)	(4,265)	31	(408,129)	(605,244)
Activation of production lines	-	8,283,654	-	-	(8,283,654)	-
Depreciation expense	(15,193)	(1,108,711)	(12,007)	(35,275)	-	(1,171,186)
Balance at 30 June 2021	<u>1,610,111</u>	<u>9,980,135</u>	<u>74,862</u>	<u>203,317</u>	<u>1,339,660</u>	<u>13,208,085</u>

**** Capital Works in Progress***

Capital Works in progress represents the new glove production lines 7 & 8 under construction.

(ii) Right-of-use assets

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold land* \$	Total \$
Balance at 1 July 2019	5,122,008	5,122,008
Classified as held for sale (note 11)	(2,148,551)	(2,148,551)
Exchange differences	(55,576)	(55,576)
Depreciation expense	(64,106)	(64,106)
Balance at 30 June 2020	<u>2,853,775</u>	<u>2,853,775</u>
Dissolution of leaseback sale agreement (note 11)	2,148,551	2,148,551
Exchange differences	(350,213)	(350,213)
Depreciation expense	(83,081)	(83,081)
Balance at 30 June 2021	<u>4,569,032</u>	<u>4,569,032</u>

* Leasehold land is subject to a 99-year lease and amortised over the lease period.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Trade payables	2,331,091	2,098,359
Payable to related parties	-	109,714
Other payables and accruals	789,319	1,024,370
	<u>3,120,410</u>	<u>3,232,443</u>

Refer to note 21 for further information on financial risk management.

Note 14. Current liabilities - contract liabilities

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Contract liabilities	<u>157,601</u>	<u>2,716,201</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	2,716,201	-
Add amounts invoiced (ex GST / VAT)	22,967,750	9,739,006
Less amounts brought to account as revenue	(25,365,907)	(7,022,805)
Exchange differences	(160,443)	-
Closing balance	<u>157,601</u>	<u>2,716,201</u>

Note 15. Current liabilities - other financial liabilities

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Term loans	155,330	2,462,338
Amounts payable to related parties	64,066	109,174
Convertible notes payable	-	653,334
Deposit received for sale and leaseback transaction (refer to Note 11 Non-current assets held for sale).	1,313,345	612,787
	<u>1,532,741</u>	<u>3,837,633</u>

Refer to note 21 for further information on financial risk management.

Assets pledged as security

(1) The term loans of the consolidated entity are secured by the following:

- Guarantee by Credit Guarantee Corporation Malaysia Berhad
- Legal charge over the Company's leasehold land and building.
- Jointly and severally guaranteed by certain Directors of the Company; and
- Assignment of a Single Premium Reducing Term Plan.
- Jointly and severally guaranteed by the Company and a related company.

Note 15. Current liabilities – other financial liabilities (continued)

(2) Amounts payable to related parties are unsecured, non-interest bearing and payable at call.

(3) The convertible notes of the consolidated entity were unsecured and were to convert to shares at \$0.05 per share at the discretion of the noteholder. The coupon rate was 12% per annum. All convertible notes and outstanding interest were repaid during the current financial year.

Note 16. Non-current liabilities – other financial liabilities

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Term loans	<u>1,548,796</u>	<u>-</u>

Refer to note 21 for further information on financial risk management.

(1) Refer to Note 15 Other financial liabilities for further information.

Note 17. Equity - issued capital

	Consolidated		
	30 June 2021	30 June 2020	30 June 2021
	Shares	Shares	\$
Ordinary shares - fully paid	<u>785,881,435</u>	<u>745,656,435</u>	<u>21,615,410</u>
			<u>18,556,098</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	593,221,525		14,108,521
Issue of shares - placement	11 Dec 2019	25,951,557	\$0.0289	750,000
Issue of shares - placement	12 Dec 2019	31,235,447	\$0.0289	902,704
Issue of shares - conversion of debt to shares	30 Dec 2019	1,266,436	\$0.0289	36,600
Issue of shares - conversion of debt to shares	14 May 2020	3,787,221	\$0.0289	109,450
Issue of shares - conversion of debt to shares	24 Jun 2020	13,690,475	\$0.0300	410,714
Issue of shares - placement	24 Jun 2020	76,503,774	\$0.0300	2,295,113
Capital raising costs		-	\$0.0000	(57,004)
Balance	30 June 2020	745,656,435		18,556,098
Issue of shares - conversion of options	7 Jan 2021	225,000	\$0.0450	10,125
Issue of shares - conversion of performance rights	16 Mar 2021	40,000,000	\$0.0000	3,250,064
Capital raising costs		-	\$0.0000	(200,877)
Balance	30 June 2021	<u>785,881,435</u>		<u>21,615,410</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 17. Equity - issued capital (continued)

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2020 Financial Report.

Note 18. Equity - options and performance rights

Options

30 June 2021 - Unlisted

Expiry date	Exercise price \$	Outstanding at 1 Jul 2020	Issued during year	Exercised during year	Lapsed during year	Outstanding at 30 Jun 2021
23/10/2023	\$0.0450	-	38,000,000	(225,000)	-	37,775,000

Performance rights

30 June 2021 - Unlisted

Expiry date	Exercise price \$	Outstanding at 1 Jul 2020	Issued during year	Exercised during year	Lapsed during year	Outstanding at 30 Jun 2021
31/10/2023	\$0.0000	-	80,000,000	(40,000,000)	-	40,000,000

Note 19. Equity - accumulated losses

	Consolidated 30 June 2021	30 June 2020
	\$	\$
Accumulated losses at the beginning of the financial year	(8,135,910)	(8,251,966)
Profit after income tax (expense)/benefit for the year	4,717,409	116,056
Dividends paid (note 20)	(1,167,749)	-
Accumulated losses at the end of the financial year	<u>(4,586,250)</u>	<u>(8,135,910)</u>

Note 20. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Interim dividend for the year ended 30 June 2021 of 0.18 cents (\$0.0018) per ordinary share	<u>1,167,749</u>	<u>-</u>

The Company declared a final dividend for the year ended 30 June 2021 of 0.05 cents per share (\$0.0005).

The Company's dividend policy is a dividend payout ratio of between 20% and 40% of earnings before significant items, subject to the Company's financial position.

Note 21. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

The consolidated entity holds the following financial instruments at the end of the financial year.

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Financial Assets		
Cash and cash equivalents	1,691,921	2,052,895
Term deposits	792,878	505,681
Trade and other receivables	785,858	467,032
Total financial assets	<u>3,270,657</u>	<u>3,025,608</u>
Financial Liabilities		
Trade and other payables	3,120,410	3,232,443
Other financial liabilities – current	155,330	4,930,310
Other financial liabilities – non-current	1,548,796	-
Total financial liabilities	<u>4,824,536</u>	<u>8,162,753</u>

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 21. Financial risk management (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Consolidated	\$	\$	\$	\$
Malaysian Ringgit	<u>29,646,245</u>	<u>21,675,926</u>	<u>(9,982,615)</u>	<u>(11,174,439)</u>

The consolidated entity had net assets denominated in foreign currencies of AUD \$19,663,630 at 30 June 2021 (2020: net assets of AUD \$10,501,487).

Based on this exposure, had the Australian dollar weakened by 5% / strengthened by 5% (2020: weakened by 5% / strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been \$936,363 lower / \$936,363 higher (2020: \$500,071 lower / \$500,071 higher) and equity would have been \$936,363 lower / \$936,363 higher (2020: \$500,071 lower / \$500,071 higher).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual realised foreign exchange gain for the year ended 30 June 2021 was \$12,504 (2020: loss \$12,419).

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the financial year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate instruments. The consolidated entity's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The policy is that the consolidated entity manages its interest rate risk exposure by reviewing its debts portfolio to ensure favourable rates are obtained. As at the reporting date, the consolidated entity had the following borrowings:

As at the reporting date, the consolidated entity had the following variable rate borrowings:

	30 June 2021		30 June 2020	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Overdraft *	-	-	-	1,092,677
Term Loans	7.31%	1,704,126	7.31%	2,462,388
Convertible Notes	-	-	12.00%	653,334
Net exposure to cash flow interest rate risk		<u>1,704,126</u>		<u>4,208,399</u>

* Weighted average interest rate for overdraft was BLR + 1.25% to 1.55% for the prior year.

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Note 21. Financial risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a pay-in-advance policy on all glove order contracts received, whereby 30% of the value of the order is received in advance. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

There were no unused borrowing facilities at the reporting date.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade & other payables	-	3,120,410	-	-	-	3,120,410
Amounts payable to related parties	-	64,066	-	-	-	64,066
Deposit received for sale and leaseback transaction	-	1,313,345	-	-	-	1,313,345
<i>Interest-bearing - fixed rate</i>						
Term loans	7.31%	155,330	1,548,796	-	-	1,704,126
Total non-derivatives		4,653,151	1,548,796	-	-	6,201,947

Note 21. Financial risk management (continued)

Consolidated - 30 June 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade & other payables	-	3,845,230	-	-	-	3,845,230
Amounts payable to related parties	-	109,174	-	-	-	109,174
Deposit received for sale and leaseback transaction	-	612,787	-	-	-	612,787
<i>Interest-bearing - variable</i>						
Bank overdraft *	-	1,092,677	-	-	-	1,092,677
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	12.00%	653,334	-	-	-	653,334
Term loans	7.10%	2,462,388	-	-	-	2,462,388
Total non-derivatives		8,775,590	-	-	-	8,775,590

* Weighted average interest rate for overdraft was BLR + 1.25% to 1.55% for the prior year.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Short-term employee benefits	1,062,982	742,884
Post-employment benefits	88,623	47,939
Share-based payments	6,916,614	-
	<u>8,068,219</u>	<u>790,823</u>

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Notes to the financial statements
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Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company, and its network firms:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Audit services — William Buck</i>		
Audit or review of the financial statements	65,637	35,000
<i>Other services — William Buck</i>		
Tax advisory services	20,223	-
	<u>85,860</u>	<u>35,000</u>
<i>Audit services - network firms</i>		
Audit or review of the financial statements	<u>21,100</u>	<u>35,000</u>

Note 24. Contingent liabilities

In November 2020, the Company received a Writ of Summons, served in Malaysia, from ACE Solutions Investments Ltd (Plaintiff), a BVI registered company, alleging that the Company has denied the Plaintiff the right to receive a placement of 74.5 million shares in the Company at a price of \$0.04 per share on the basis of wrongful and unlawful breach of a purported agreement between the Plaintiff and Company representatives.

It is not practicable to provide an estimate of the financial effect of the legal action cannot be predicted given the level of uncertainty.

With the advice of lawyers, the Company intends to vigorously defend the matter, a striking out application has been filed on the grounds that the Plaintiff's claim is without reasonable cause of action; frivolous and vexatious; and an abuse of Court process.

Note 25. Commitments

The consolidated entity has completed construction of its two glove manufacturing lines. Planned capital expenditure not yet committed at 30 June 2021 is \$1,276,354 (MYR 3,984,523) (2020: \$1,243,129).

Note 26. Related party transactions

Parent entity

VIP Gloves Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

Note 26. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Payment for goods and services:		
Transactions with Keng Lek Engineering (Director-related entity of Wee Min Chen and Kay Wen Chen) for purchase of forklift.	-	5,313

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Current receivables:		
Receivables from Keng Lek Engineering (director-related entity of Wee Min Chen) *	-	105,340
Current payables:		
Accrued advisor fees to Wee Min Chen *	-	61,274
Accrued Directors fees	74,065	20,747
Amounts payable to Chin Kar Yang	64,066	109,174

* At 30 June 2020 the receivable from Keng Lek Engineering Sdn Bhd was offset against the \$61,274 payable to Wee Min Chen for outstanding director and advisory fees. The loan was payable at call, non-interest bearing and unsecured.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2021	30 June 2020
	\$	\$
Loss after income tax	(1,988,023)	(619,186)
Total comprehensive income	(1,988,023)	(619,186)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2021	30 June 2020
	\$	\$
Total current assets	53,241	1,566
Total assets	13,659,657	10,290,066
Total current liabilities	48,454	876,383
Total liabilities	48,454	876,383
Equity		
Issued capital	68,319,604	65,260,292
Share-based payments reserve	4,293,980	-
Accumulated losses	(59,002,381)	(55,846,609)
Total equity	13,611,203	9,413,683

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2021	30 June 2020
		%	%
KLE Products Sdn Bhd	Malaysia	100.00%	100.00%
VIP Glove Sdn Bhd	Malaysia	100.00%	100.00%

Note 29. Events after the reporting period

Whilst the impact of the Coronavirus (COVID-19) pandemic is ongoing and the Group has been impacted in particular in regard to volume-based revenues for the year up to 30 June 2021; and should the situation not worsen from amongst other things the appearance of more aggressive strains of the virus, the potential impact, both positive or negative after the reporting date is not expected to increase. Should more aggressive strains appear, the impact will be dependent on measures imposed by the Malaysian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 20, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Profit after income tax (expense)/benefit for the year	4,717,409	116,056
Adjustments for:		
Depreciation and amortisation	1,254,267	618,385
Net gain on disposal of property, plant and equipment	-	(15,613)
Share-based payments	7,544,044	-
Foreign exchange differences	(16,209)	(68,754)
Doubtful debts expense	83,864	5,685
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(606,023)	419,750
Decrease/(increase) in inventories	(5,283,922)	214,910
Decrease/(increase) in deferred tax assets	380,268	(380,268)
Decrease/(increase) in other operating assets	70,810	(112,023)
Decrease in trade and other payables	35,917	(2,141,378)
Increase/(decrease) in contract liabilities	(2,558,600)	2,716,201
Increase/(decrease) in provision for income tax	356,002	(1,943)
Increase in deferred tax liabilities	500,131	-
Net cash from operating activities	<u>6,477,958</u>	<u>1,371,008</u>

Note 31. Earnings per share

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Profit after income tax	<u>4,717,409</u>	<u>116,056</u>
	Cents	Cents
Basic earnings per share	0.62	0.02
Diluted earnings per share	0.59	0.02

Note 31. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	757,490,339	627,771,480
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	37,775,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>795,265,339</u>	<u>627,771,480</u>

The second tranche of Performance rights have not been included in the calculation of dilutive earnings per share as vesting conditions for the performance rights have not been achieved at 30 June 2021.

Note 32. Share-based payments

The VIP Gloves Limited Equity Incentive Plan was established by the Company and approved by shareholders at a general meeting held on 19 October 2020, whereby the Company may, at the discretion of the Board, grant options over ordinary shares and performance rights in the company to certain key management personnel of the consolidated entity.

The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of unlisted options granted under the VIP Gloves Limited Equity Incentive Plan:

	Number of options 30 June 2021	Weighted average exercise price 30 June 2021	Number of options 30 June 2020	Weighted average exercise price 30 June 2020
Outstanding at the beginning of the financial year	-	\$0.0000	-	\$0.0000
Granted	38,000,000	\$0.0450	-	\$0.0000
Exercised	(225,000)	\$0.0450	-	\$0.0000
Outstanding at the end of the financial year	<u>37,775,000</u>	\$0.0450	<u>-</u>	\$0.0000

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/10/2020	23/10/2023	\$0.0450	-	38,000,000	(225,000)	-	37,775,000
			-	38,000,000	(225,000)	-	37,775,000

The options were issued to Directors and Key Management Personnel for no consideration as a long-term incentive.

Set out below are summaries of unlisted performance rights granted under the VIP Gloves Limited Equity Incentive Plan:

	Number of rights 30 June 2021	Weighted average exercise price 30 June 2021	Number of rights 30 June 2020	Weighted average exercise price 30 June 2020
Outstanding at the beginning of the financial year	-	\$0.0000	-	\$0.0000
Granted	80,000,000	\$0.0000	-	\$0.0000
Exercised	(40,000,000)	\$0.0000	-	\$0.0000
Outstanding at the end of the financial year	<u>40,000,000</u>	\$0.0000	<u>-</u>	\$0.0000

Note 32. Share-based payments (continued)

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/11/2020	31/10/2023	\$0.0000	-	80,000,000	(40,000,000)	-	40,000,000
			-	80,000,000	(40,000,000)	-	40,000,000

The Performance Rights were issued to Directors and Key Management Personnel for no consideration as a long-term incentive and have a nil exercise price. Performance Rights will vest subject to satisfaction of applicable conditions and become exercisable for nil consideration.

40,000,000 Class A Performance Rights vested upon the Company achieving monthly revenue of at least RM7,000,000 (approximately AU\$2,272,285) per month for 3 successive months. For the period November 2020 to January 2021, the Company's revenue was November 2020: RM15,463,876 (AU\$5,019,761), December 2020: RM12,696,716 (AU\$4,121,507) and January 2021: RM11,144,807 (AU\$3,617,739). The Class A Performance Right milestone of at least RM7,000,000 per month was achieved and these rights vested on 31 January 2021.

40,000,000 Class B Performance Rights will vest upon the Company achieving total nitrile gloves production capacity above 70,000,000 pieces per month. As at 30 June 2021, total production capacity for nitrile gloves was approximately 65,000,000 pieces per month. These rights had not vested as at balance date, as they had not met vesting conditions.

The above performance milestones are to be achieved by three years after the issue of the Performance Rights. If they are not achieved by that date, the Performance Rights will lapse.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/10/2020	23/10/2023	\$0.0780	\$0.0450	-	-	-	\$0.0447

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/11/2020	31/10/2023	\$0.0860	\$0.0000	-	-	-	\$0.0810

VIP Gloves Limited
Directors' declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Kai Fatt Wong - Director

1 October 2021

VIP Gloves Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VIP Gloves Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACCOUNTANTS & ADVISORS

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KEY AUDIT MATTER	
Revenue recognition	How our audit addressed it
<p>The Group experienced significant growth in sales revenue due to continued demand for its nitrile gloves during the pandemic.</p> <p>At 30 June 2021, sales revenue totalled \$48,123,312 and contract liabilities were \$157,601.</p> <p>The majority of its trading revenue is rendered at a point in time, that is, upon the transfer of title of its product to the customer. In order to secure product, many of its customers prepay ahead of delivery, whilst others have in-arrears credit terms. Such variability in trading terms with customers adds a complexity surrounding the timing and cut-off of revenue recognition.</p>	<p>Our audit procedures over revenue included:</p> <ul style="list-style-type: none"> — Assessing the compliance of the Group's revenue recognition accounting policy with applicable accounting standards, including those relating to identifying a contract with a customer and determining the transaction price; — Selecting a sample of sale transactions during the year to underlying supporting documentation including bills of delivery and banking receipts; and — Examining cut-off of revenues at year-end to ensure that revenues are recognised in the appropriate period, including examining materially large sales orders in the final quarter of the year to examine the bill-in-advance terms. <p>We also assessed the appropriateness of disclosures relating to these items in the financial statements.</p>
KEY AUDIT MATTER	
Share-based payment transactions	How our audit addressed it
<p>During the year, the Group issued a number of equity settled share-based payments in the form of options and performance rights to employees and key management personnel. These share-based payment arrangements have vesting terms connected with revenue and production capacity targets.</p> <p>Valuation of these instruments is inherently complex and subject to significant management estimates and judgement and as such, the Group engaged an independent valuation expert to assist with the process.</p> <p>As a result of meeting revenue targets of RM 5m (approx. \$AUD 1.8m) per month for 3 consecutive months, vesting conditions over performance rights with a fair value of \$3.24m were fulfilled and 40m ordinary shares were issued based on the contractual terms of the agreements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Verifying the key terms of the equity settled share-based payments to letters of offer to the instrument holders and approved board minutes; — Assessing the appropriateness of the determination of the grant date; — Examining the credentials of the independent expert; — Assessing the fair value of the share-based payments based on the Group's external valuation using a Binomial model by agreeing the inputs to underlying support, reviewing the assumptions used for reasonableness and evaluating the accuracy of calculations; and — Reviewing the attributes of the vesting conditions and ensuring that the expense is recorded over the appropriate vesting period.

A total of \$7.5m has been recognised as a share-based payment expense during the year as detailed in Note 32.	We also assessed the appropriateness of disclosures relating to these items in the financial statements.
Sale and Leaseback Transaction	How our audit addressed it
<p>During the year, the Group entered into a mutually agreed upon Deed of Revocation to terminate a Sale and Leaseback Agreement for land and buildings in Malaysia.</p> <p>Repayments of \$1.6m have been made with a further \$1.3m to be repaid over the terms as set out in Note 11.</p> <p>As a result, the land and building subject to the Agreement which were recorded as current asset was reclassified to a non-current asset in the Statement of Financial Position as at 30 June 2021 with a carrying value of \$2.1m.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing the executed Sale and Leaseback Agreements and the Deed of Revocation and conducting discussions with management to gain an understanding of the transaction and subsequent reversal; — Ensuring that appropriate accounting treatment was applied in accordance with the accounting standards; — Tracing through consideration received and debt settled and repayments of those amounts; — Assessing whether the land and building, reclassified as a non-current asset, had any indication of impairment as at 30 June 2021; and — Assessing the reasonableness of the remaining useful life of the building and ensuring that the depreciation rate used is appropriate. <p>We also assessed the appropriateness of disclosures relating to these items in the financial statements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for

such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

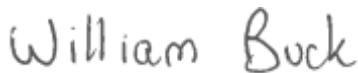
Opinion on the Remuneration Report

We have audited the Remuneration Report included the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of VIP Gloves Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark ink that reads "William Buck".

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in dark ink that appears to read "Nicholas Benbow".

Nicholas Benbow

Melbourne, 1 October, 2021

VIP Gloves Limited
Shareholder information
30 June 2021

The shareholder information set out below was applicable as at 26 September 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares	Number of holders of options	Number of options	Number of holders of performance rights	Number of performance rights
1 to 1,000	46	8,385	7	37,775,000	27	40,000,000
1,001 to 5,000	66	239,082	-	-	-	-
5,001 to 10,000	86	688,453	-	-	-	-
10,001 to 100,000	669	28,759,845	-	-	-	-
100,001 and over	335	756,185,670	-	-	-	-
	1,202	785,881,435	7	37,775,000	27	40,000,000

Holders of less than a marketable parcel	41	5,188	-	-	-	-
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Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
LEADING AND JUNCTION SDN BHD	128,074,644	16.30
CITICORP NOMINEES PTY LIMITED	103,823,666	13.21
THE ESTATE OF WEE MIN CHEN	58,650,948	7.46
ENDLESS EARNINGS SDN BHD	45,634,862	5.81
MR CHOONG CHOY LEE	36,293,217	4.62
LEE KEONG WONG	23,471,165	2.99
BNP PARIBAS NOMINEES PTY LTD	22,740,424	2.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,493,210	2.10
CHIN KAR YANG	12,500,000	1.59
MR LIGE WANG	11,627,622	1.48
YAT YIN TAI	10,000,000	1.27
MS MAY THIAN	9,887,123	1.26
MR TING LIAN LOO	9,520,317	1.21
LEE KEONG WONG	9,177,950	1.17
MR KENG TAK SOONG	9,073,664	1.15
MR KOK SEONG WONG	7,807,534	0.99
MR HOW WENG CHANG	7,111,320	0.90
HEE KIN PANG	7,064,667	0.90
HU WANG	6,980,589	0.89
MRS YOKE MEI CHON	6,834,706	0.87
	542,767,628	69.06

VIP Gloves Limited
Shareholder information
30 June 2021

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
LEADING AND JUNCTION SDN BHD	128,074,644	16.30
CITICORP NOMINEES PTY LIMITED	103,823,666	13.21
THE ESTATE OF WEE MIN CHEN	61,260,948	7.80
ENDLESS EARNINGS SDN BHD	45,634,862	5.81

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.