# VIP Gloves Limited

**ABN 83 057 884 876**

# Annual Report - 30 June 2022

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|---|---|
| Directors | Dr Kai Fatt (Joe) Wong - Non-Executive Chairman, Independent<br>Chin Kar Yang – Managing Director<br>Kay Wen Chen - Executive Director<br>How Weng Chang – Non-Executive Director, Independent<br>Peter Yee Ming Ng – Non-Executive Director, Independent<br>Joanne King – Non-Executive Director, Independent |
| Company secretary | Andrew Metcalfe |
| Registered office | C/- Accosec & Associates<br>Level 26<br>360 Collins Street<br>Melbourne VIC 3000<br>Australia |
| Principal place of business | No. 17 Jalan Perusahaan 1,<br>Kawasan Perusahaan, Beranang<br>43700 Beranang, Selangor Darul Ehsan<br>Malaysia |
| Share register | Boardroom Limited<br>Level 7, 207 Kent Street<br>Sydney NSW 2000<br>Investor phone number: (Australia) 1300 737 760<br>Investor phone number: (Overseas) +61 (0) 2 9290 9600 |
| Auditor | William Buck<br>Level 20, 181 William Street<br>Melbourne VIC 3000 |
| Bankers | Westpac Banking Corporation Ltd<br>Melbourne, Australia<br>Hong Leong Bank<br>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**
**30 June 2022**

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 2022.

## 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
Kay Wen Chen - Executive Director
How Weng Chang - Non-executive Director, Independent
Peter Yee Ming Ng – Non-executive Director, Independent
Joanne King – Non-Executive Director, Independent (appointed 17 January 2022)
Chee Cheong Low - Non-Executive Director, Independent (resigned 23 November 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 2022 $ | 30 June 2021 $ |
| Final dividend for the year ended 30 June 2021 of 0.05 cents ($0.0005) per ordinary share | 346,856 | - |
| Interim dividend for the year ended 30 June 2021 of 0.18 cents ($0.0018) per ordinary share | - | 1,167,749 |
| | 346,856 | 1,167,749 |

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 loss for the consolidated entity after providing for income tax amounted to $7,376,930 (30 June 2021: profit of $4,717,409).

The loss result includes:
- write-down of stock of $472,729 due to cost of production being higher than net realisable value of stock;
- recognition of a share-based payment expense of $54,000 relating to the issue of shares;
- $7,181 relating to the issue of options; and
- $635,969 relating to the recognition of performance rights expense.

The loss has been attributable to the impact of the Covid-19 pandemic on glove production in order to comply with Malaysian Control Orders, increased production costs in particular raw material and natural gas, increased logistics costs and logistics constraints, increased competition and supply of gloves in Malaysia and internationally and a decrease and normalising of average selling prices for nitrile gloves in the glove manufacturing sector. During the financial year, the Company expanded into new markets with the production and sale of thicker gloves at higher gross margins than traditional gloves. The Company will aim to expand these markets and customer contracts in the new financial year.

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. 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.

Construction of production Lines 7 and 8 continued through-out the reporting period with completion delayed due to implementation of the MCO, the Malaysian Department of Occupational Safety & Health certification of line 7 before commissioning, and the decrease in average selling prices due to increased foreign competition placing downward pressure on glove manufacturing operations. There were no other capital works commenced during the reporting period.

During the reporting period, the Company repaid in excess of $99,947 of interest-bearing debt; and there was no repayment of the deposit received for the sale and leaseback transaction.

During the reporting period, the Company issued 900,000 ordinary shares on conversion of debt at $0.06 per share; and issued 1m options (exercise price $0.075, expiring 30 June 2023)

The Company, through its Solicitors, is continuing its defence for the purported share placement arrangement. The plaintiff lodged an appeal against the High Court decision in allowing the Company’s striking out application on 25 October 2021. The appeal is still pending in the Court of Appeal and the hearing date is now fixed for 6 September 2022.

During the reporting period, the Company entered into a redeemable convertible note agreement for $100,000 on a 12-month term and a 9% per annum coupon rate. The date of issue of the note was after financial year end and the funds received are reported as a deposit at reporting date.

The Company received a letter of financial support and undertaking from a significant shareholder to provide financial assistance to enable the Company to continue business operations if required.

**Significant changes in the state of affairs**
During the reporting period, work continued on completing the new line 7 and 8 production lines. Delays in completing the construction and commissioning of both lines during the reporting period has been largely due to the unavailability of labour and materials as a result of the Covid-19 pandemic restrictions which is outside of the control of the Company. Line 7 construction has completed, and the Company is awaiting Malaysian Department of Occupational Safety & Health Department of Safety and Health certification before commissioning is completed and the line commences full production. Completion of line 8 has been deferred until October 2022 due to reduced demand for gloves and the ability to supply gloves to overseas markets due to logistics issues caused by the COVID pandemic, and current low average selling prices.

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**
The redeemable convertible note agreement for $100,000 was completed in July 2022.

No other matter or circumstance has arisen since 30 June 2022 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**
Due to the current low average selling prices of nitrile gloves and the ability to supply gloves to overseas markets due to logistics issues caused by the COVID pandemic, the Company cannot provide any prediction on revenue from nitrile glove production in FY23. The Company will continue with the commissioning of the additional nitrile glove production lines, and continual improvement in operating efficiencies from the current nitrile glove manufacturing operations.

**Key risks and mitigation activities associated with the Company's objectives are set out below:**

| | |
|---|---|
| Industry specific risks | The average selling price of gloves which has decreased in the reporting period due to increased supply into the market; key production inputs being nitrile raw material and gas prices which are the result of demand for raw materials and market costs respectively; availability of personnel to continue production. |
| General risks | The ability to manage working capital and cashflow effectively given external industry specific risks. |
| Competitor risk | Increased supply predominantly from Chinese manufacturers and also large Malaysian manufacturers who were prevented from selling into the north American market; mitigation of such risks is by creating new market opportunities. |
| Covid risks | Although largely managed by the Malaysian Government, Covid creates production and supply risks and a slow-down in logistics/delivery of finished product; continued employment of personnel due to possible shutdown orders. |
| Going concern risks | The ability to manage cashflow and meet the cost of raw materials from suppliers and collect sales from customers. |

**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: | Member of Audit & Risk Committee and People & Remuneration Committee |
| Interests in shares: | 3,080,000 |
| Interests in options: | 5,000,000 |
| Interests in rights: | 5,000,000 |

| | |
|---|---|
| Name: | Chin Kar Yang |
| Title: | Managing Director |
| Experience and expertise: | Mr Yang has extensive manufacturing and property management experience in Malaysia. He is also Managing Director of VIP Glove Sdn Bhd and KLE Products Sdn Bhd. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of People & Remuneration Committee |
| Interests in shares: | 12,500,000 |
| Interests in options: | 7,500,000 |
| Interests in rights: | 12,500,000 |

| | |
|---|---|
| Name: | Kay Wen Chen |
| 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 Sdn Bhd and KLE Products Sdn Bhd since 2010 |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of Audit & Risk Committee |
| Interests in shares: | 895,000 |
| Interests in options: | Nil |
| Interests in rights: | 775,000 |

| | |
|---|---|
| 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 |
| Special responsibilities: | Member of Audit & Risk Committee |
| Interests in shares: | 7,111,320 |
| Interests in options: | 5,000,000 |
| Interests in rights: | 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 |
| Special responsibilities: | Member of People & Remuneration Committee |
| Interests in shares: | 273,600 |
| Interests in options: | Nil |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Joanne King |
| Title: | Non-Executive Director, Independent |
| Experience and expertise: | Ms King is currently the Executive General Manager Brand, Marketing and Communications at the Victorian Racing Club. She was previously General Manager (Acting) Brand and Product Marketing and Head of Business Lending and Marketing Communications for National Australia Bank (NAB Business Banking) and is an experienced brand, marketing, customer experience and communication leader in the Telecommunications, Banking, Finance, Health, Insurance, Retail, Pharmaceutical, Building, Distribution, Technology Services, Education, Government, Racing and Entertainment sectors across a number of Australian leading ASX listed companies. Ms King holds a Bachelor of Education. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | Nil |
| Interests in options: | Nil |
| Interests in rights: | Nil |

'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') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

| | Full Board | | Audit & Risk Committee | | People & Remuneration Committee | |
|---|---|---|---|---|---|---|
| | Attended | Held | Attended | Held | Attended | Held |
| Dr Kai Fatt Wong | 11 | 11 | 1 | 1 | 1 | 1 |
| Chin Kar Yang | 11 | 11 | - | - | 1 | 1 |
| Kay Wen Chen | 11 | 11 | 1 | 1 | - | - |
| How Weng Chang | 11 | 11 | 1 | 1 | - | - |
| Peter Yee Ming Ng | 11 | 11 | - | - | 1 | 1 |
| Joanne King | 6 | 6 | - | - | - | - |
| Chee Cheong Low | 3 | 3 | - | - | - | - |

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

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

During the reporting period, the Board established an Audit & Risk Committee and the People & Remuneration Committee.

**Retirement, election and continuation in office of Directors**
In accordance with the Constitution, one third of the previously elected Directors will retire at the next 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

The Board has established a People and Remuneration Committee responsible for remuneration matters under that charter. 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 Directors' 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.

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 the Directors determines 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.

*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 2022, no remuneration consultants were engaged.

*Voting and comments made at the Company's Annual General Meeting ('AGM')*
At the 29 November 2021 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. 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
- Kay Wen Chen - Executive Director
- How Weng Chang - Non-executive Director, Independent
- Peter Yee Ming Ng – Non-executive Director, Independent
- Joanne King – Non-Executive Director, Independent (appointed 17 January 2022)
- Chee Cheong Low - Non-Executive Director, Independent (resigned 23 November 2021)

And the following persons:

- Andrew Metcalfe - Company Secretary
- Ruey Shen Ow - Chief Financial Officer
- Kah Wai Wong - General Manager

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **30 June 2022** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Equity-settled $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Kai Fatt Wong | 78,000 | - | - | - | - | 79,496 | 157,496 |
| How Weng Chang | 66,000 | - | - | - | - | 79,496 | 145,496 |
| Peter Yee Ming Ng | 57,000 | - | - | - | - | - | 57,000 |
| Joanne King | 22,000 | - | - | - | - | - | 22,000 |
| Chee Cheong Low | 20,833 | - | - | - | - | - | 20,833 |
| *Executive Directors:* | | | | | | | |
| Chin Kar Yang | 300,000 | - | - | 35,000 | - | 198,740 | 533,740 |
| Kay Wen Chen[3] | 260,000 | - | - | 31,120 | - | 12,322 | 303,442 |
| *Other Key Management Personnel:* | | | | | | | |
| Andrew Metcalfe[1] | 71,000 | - | - | - | - | - | 71,000 |
| Ruey Shen Ow | 33,227 | - | - | - | - | - | 33,227 |
| Kah Wai Wong | 80,000 | - | - | 9,600 | - | - | 89,600 |
| Kay Shing Chen | 28,000 | - | - | 3,360 | - | 4,847 | 36,207 |
| Ee Theng Chen[2] | 16,800 | - | - | 2,184 | - | 6,357 | 25,341 |
| Kai Wei Chen[2] | 13,600 | - | - | 1,768 | - | - | 15,368 |
| | 1,046,460 | - | - | 83,032 | - | 381,258 | 1,510,750 |

1. 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.

2. Related to Executive Director, Kay Wen Chen.

3. Kay Wen Chen is the executor of the Estate of Mr Wee Min Chen and will receive a distribution of the estate when finalised. As at 30 June 2022, this represents an additional $198,740 of equity settled share-based payments.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **30 June 2021** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Equity-settled $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| 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 |
| *Executive Directors:* | | | | | | | |
| Chin Kar Yang | 194,691 | 85,177 | - | 33,584 | - | 2,161,820 | 2,475,272 |
| Kay Wen Chen | 84,918 | 24,366 | - | 12,674 | - | 113,233 | 235,191 |
| Wee Min Chen | 223,084 | 85,177 | - | 31,151 | - | 2,161,820 | 2,501,232 |
| *Other Key Management Personnel:* | | | | | | | |
| Andrew Metcalfe | 67,100 | - | - | - | - | 134,190 | 201,290 |
| Ruey Shen Ow | 25,700 | - | - | - | - | - | 25,700 |
| Kah Wai Wong | 73,267 | 24,336 | - | 11,214 | - | - | 108,817 |
| | 843,926 | 219,056 | - | 88,623 | - | 6,916,614 | 8,068,219 |

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

| | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|---|---|---|---|---|---|---|
| Name | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 |
| *Non-Executive Directors:* | | | | | | |
| Kai Fatt Wong | 100% | 6% | - | 62% | - | 32% |
| How Weng Chang | 100% | 5% | - | 62% | - | 33% |
| Peter Yee Ming Ng | 100% | 14% | - | 86% | - | - |
| Chee Cheong Low | 100% | 14% | - | 86% | - | - |
| Joanne King | 100% | - | - | - | - | - |
| *Executive Directors:* | | | | | | |
| Chin Kar Yang | 100% | 13% | - | 54% | - | 33% |
| Kay Wen Chen | 100% | 52% | - | 27% | - | 21% |
| *Other Key Management Personnel:* | | | | | | |
| Andrew Metcalfe | 100% | 33% | - | 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: | 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 3 months' notice |
| Details: | Base fee of $300,000 per annum. |

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|---|---|
| Name: | Kay Wen Chen |
| Title: | Executive Director |
| Agreement commenced: | 10 June 2021 |
| Term of agreement: | Termination on 3 months' notice |
| Details: | Base fee of $260,000 per annum. |

| | |
|---|---|
| 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 2022 of $25,500. |

| | |
|---|---|
| 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 2022 of $54,000. |

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 2022.

*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 |

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 nil 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.

12,775,000 options were forfeited and subsequently cancelled during the reporting period.

*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 | | 31/10/2023 | $0.0000 | $0.0810 |
| Chin Kar Yang | 12,500,000 | 1/11/2020 | | 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 | | 31/10/2023 | $0.0000 | $0.0810 |

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.

The remaining 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 2022, total production capacity for nitrile gloves was approximately 63,000,000 pieces per month. These rights had not vested as at balance date, as they had not met vesting conditions. 37,105,000 Class B Performance Rights of the 40,000,000 Class B Performance Rights relate to key management personnel.

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 2022 are summarised below:

| | 2022<br>$ | 2021<br>$ | 2020<br>$ | 2019<br>$ | 2018<br>$ |
|---|---|---|---|---|---|
| Revenue | 10,597,008 | 48,123,312 | 13,696,465 | 11,691,611 | 11,391,412 |
| Profit/(Loss) before income tax | (8,592,813) | 8,870,445 | (279,580) | (4,797,309) | (2,323,847) |
| Profit/(Loss) after income tax | (7,376,930) | 4,717,409 | 116,056 | (4,797,309) | (2,323,847) |

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Share price at financial year end ($) | 0.01 | 0.05 | 0.03 | 0.04 | 0.04 |
| Basic earnings per share (cents per share) | (0.94) | 0.62 | 0.02 | (1.04) | (0.63) |

***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 |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Kai Fatt Wong | 5,080,000 | - | - | (2,000,000) | 3,080,000 |
| Chin Kar Yang | 12,500,000 | - | - | - | 12,500,000 |
| How Weng Chang | 7,111,320 | - | - | - | 7,111,320 |
| Chee Cheong Low * | 260,000 | - | - | (260,000) | - |
| Peter Yee Ming Ng | 273,600 | - | - | - | 273,600 |
| Andrew Metcalfe | 2,052,025 | - | - | - | 2,052,025 |
| Kay Wen Chen | 895,000 | - | - | - | 895,000 |
| | 28,171,945 | - | - | (2,260,000) | 25,911,945 |

*   Resigned during the reporting period

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 |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| 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 ** | 4,775,000 | - | - | (4,775,000) | - |
| Andrew Metcalfe ** | 3,000,000 | - | - | (3,000,000) | - |
| | 30,275,000 | - | - | (12,775,000) | 17,500,000 |

* Resigned during the reporting period.
** Options were forfeited during the reporting period.

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

*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 |
|---|---|---|---|---|---|
| *Performance rights over ordinary shares* | | | | | |
| Kai Fatt Wong | 5,000,000 | - | - | - | 5,000,000 |
| Chin Kar Yang | 12,500,000 | - | - | - | 12,500,000 |
| How Weng Chang | 5,000,000 | - | - | - | 5,000,000 |
| Kay Wen Chen | 775,000 | - | - | - | 775,000 |
| Kah Wai Wong | 525,000 | - | - | - | 525,000 |
| | 23,800,000 | - | - | - | 23,800,000 |

*Other transactions with key management personnel and their related parties*
As at 30 June 2022, there are loans outstanding between key management personnel and the consolidated entity as reported in note 24 to the financial statements.

There are no other transactions with key management personnel and their related parties during the year ended 30 June 2022.

***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 | 25,000,000 |
| 31/12/2021 | 30/6/2023 | $0.0750 | 1,000,000 |
| | | | 26,000,000 |

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 |

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**
No ordinary shares of VIP Gloves Limited were issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

**Shares issued on the exercise of performance rights**
There were no ordinary shares of VIP Gloves Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

**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 21 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.

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 Independent 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 $2,500.

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

30 September 2022

William Buck
ACCOUNTANTS & ADVISORS

# 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 2022 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

Melbourne, 30th September 2022

## 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 30 September 2022. 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 2022**

| | Note | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|---|
| **Revenue** | | | |
| Revenue | 4 | 10,597,008 | 48,123,312 |
| Cost of goods sold | | (15,641,785) | (28,958,206) |
| Gross (loss)/profit | | (5,044,777) | 19,165,106 |
| Other income | 5 | 231,209 | 32,577 |
| Interest revenue | | 273 | 367 |
| **Expenses** | | | |
| Employee benefits expense | 6 | (1,180,309) | (1,348,470) |
| Legal and professional fees | | (324,062) | (309,339) |
| Impairment of inventory | 6 | (472,729) | - |
| Commissions | | - | (146,075) |
| Movement in provision for expected credit losses | 6 | (471,638) | (83,864) |
| Administration expenses | | (362,132) | (542,168) |
| Total expenses | | (2,810,870) | (2,429.916) |
| **Profit/(loss) before depreciation and amortisation, finance costs, share-based payments and income tax (expense)/benefit** | | (7,624,165) | 16,768,134 |
| Depreciation and amortisation expense | 6 | (162,346) | (145,556) |
| Loss on disposal of assets | 6 | (9,205) | - |
| Share-based payments | 30 | (697,150) | (7,544,044) |
| Finance costs | 6 | (99,947) | (208,089) |
| **Profit/(loss) before income tax (expense)/benefit** | | (8,592,813) | 8,870,445 |
| Income tax (expense)/benefit | 7 | 1,215,883 | (4,153,036) |
| **Profit/(loss) after income tax (expense)/benefit for the year** | | (7,376,930) | 4,717,409 |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | 481,779 | (840,318) |
| Other comprehensive income for the year, net of tax | | 481,779 | (840,318) |
| **Total comprehensive income for the year** | | (6,895,151) | 3,877,091 |
| | | **Cents** | **Cents** |
| Basic earnings per share | 29 | (0.94) | 0.62 |
| Diluted earnings per share | 29 | (0.94) | 0.59 |

*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 2022**

| | Note | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 15,884 | 1,691,921 |
| Trade and other receivables | 9 | 59,337 | 785,858 |
| Inventories | 10 | 853,669 | 5,949,363 |
| Term deposits | | 842,115 | 792,878 |
| Income tax refund due | 7 | 2,180,450 | - |
| Prepayments | | 110,241 | 103,834 |
| Total current assets | | 4,061,696 | 9,323,854 |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | 17,090,275 | 17,777,117 |
| Total non-current assets | | 17,090,275 | 17,777,117 |
| **Total assets** | | 21,151,971 | 27,100,971 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 3,873,817 | 3,120,410 |
| Contract liabilities | 13 | 531,480 | 157,601 |
| Other financial liabilities | 14 | 1,624,045 | 1,532,741 |
| Income tax | 7 | 514,150 | 525,482 |
| Total current liabilities | | 6,543,492 | 5,336,234 |
| **Non-current liabilities** | | | |
| Other financial liabilities | 15 | 1,437,526 | 1,548,796 |
| Deferred tax | 7 | - | 500,131 |
| Total non-current liabilities | | 1,437,526 | 2,048,927 |
| **Total liabilities** | | 7,981,018 | 7,385,161 |
| **Net assets** | | 13,170,953 | 19,715,810 |
| **Equity** | | | |
| Issued capital | 16 | 21,669,410 | 21,615,410 |
| Reserves | | 3,240,214 | 2,686,650 |
| Accumulated losses | | (11,738,671) | (4,586,250) |
| **Total equity** | | 13,170,953 | 19,715,810 |

*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 2022**

| **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 |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Capital raising costs relating to prior reporting period | (200,877) | - | - | - | (200,877) |
| Vesting of share-based payments (note 30) | - | 7,544,044 | - | - | 7,544,044 |
| Conversion of options and share-based payment to ordinary shares (note 16) | 3,260,189 | (3,250,064) | - | - | 10,125 |
| Dividends paid (note 18) | - | - | - | (1,167,749) | (1,167,749) |
| Balance at 30 June 2021 | 21,615,410 | 4,293,980 | (1,607,330) | (4,586,250) | 19,715,810 |

| **Consolidated** | **Issued capital $** | **Share-based payments reserve $** | **Foreign currency translation reserve $** | **Accumulated losses $** | **Total equity $** |
|---|---|---|---|---|---|
| Balance at 1 July 2021 | 21,615,410 | 4,293,980 | (1,607,330) | (4,586,250) | 19,715,810 |
| Loss after income tax benefit for the year | - | - | - | (7,376,930) | (7,376,930) |
| Other comprehensive income for the year, net of tax | - | - | 481,779 | - | 481,779 |
| Total comprehensive income for the year | - | - | 481,779 | (7,376,930) | (6,895,151) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Vesting of share-based payments (note 30) | 54,000 | 643,150 | - | - | 697,150 |
| Transfer of cancelled share-based payments (note 30) | - | (571,365) | - | 571,365 | - |
| Dividends paid (note 18) | - | - | - | (346,856) | (346,856) |
| Balance at 30 June 2022 | 21,669,410 | 4,365,765 | (1,125,551) | (11,738,671) | 13,170,953 |

*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 2022**

| | Note | Consolidated 30 June 2022 $ | 30 June 2021 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 11,478,394 | 45,193,980 |
| Payments to suppliers and employees | | (10,760,110) | (35,514,716) |
| | | 718,284 | 9,679,264 |
| Interest received | | 273 | 1,272 |
| Interest and other finance costs paid | | (99,947) | (289,876) |
| Income taxes paid | | (1,474,641) | (2,912,702) |
| Net cash from/(used in) operating activities | 28 | (856,031) | 6,477,958 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 11 | (460,540) | (3,578,401) |
| Deposit received for sale and leaseback transaction | | - | 2,332,483 |
| Refund of deposit received for sale and leaseback transaction | | - | (1,631,925) |
| Proceeds from disposal of property, plant and equipment | | 2,279 | - |
| Net cash used in investing activities | | (458,261) | (2,877,843) |
| **Cash flows from financing activities** | | | |
| Proceeds from deposit for convertible notes not yet issued | | 98,837 | - |
| Proceeds from exercise of options | | - | 10,125 |
| Share issue transaction costs | 16 | - | (200,877) |
| Dividends paid | 18 | (346,856) | (1,167,749) |
| Repayment of borrowings and term loan | | (157,958) | (758,212) |
| Proceeds from / (repayment) of borrowings from related parties | 24 | 15,232 | (110,756) |
| Repayment of convertible notes | | - | (570,000) |
| Net cash used in financing activities | | (390,745) | (2,797,469) |
| Net increase/(decrease) in cash and cash equivalents | | (1,705,037) | 802,646 |
| Cash and cash equivalents at the beginning of the financial year | | 1,691,921 | 960,218 |
| Effects of exchange rate changes on cash and cash equivalents | | 29,000 | (70,943) |
| Cash and cash equivalents at the end of the financial year | 8 | 15,884 | 1,691,921 |

*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.

### Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity made a loss after income tax of $7,376,930 and had net cash outflows from operating activities of $856,031 for the year ended 30 June 2022. As at that date, the consolidated entity had net current liabilities of $2,481,796.

These conditions above indicate that a material uncertainty exists that may cast significant doubt about the entity’s ability to continue as a going concern, and therefore, whether it will be able to realise its assets and extinguish its assets and liabilities in the normal course of business. The ability to minimize future losses and return to profitability is dependent upon a number of factors including expansion into new markets and the supply of gloves with greater margins, a return to normalised average selling prices across the glove manufacturing industry, reducing operating costs particularly labour costs, and seeking new opportunities for the Company. The reduction in labour costs and suspension of payment of directors fees has been initiated by the Company.

The Directors believe there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Company has completed the construction of line 7 that when commissioned will increase glove manufacturing by 9 million pieces per annum when operating at normal capacity. The increased glove output will enable VIP to expand its orders of gloves to new markets offering new glove sizes generating additional revenue from glove production that provide greater margins to the Company.
- VIP has received a letter of support from a significant investor into the company that will enable VIP to maintain glove manufacturing operations whilst it negotiates contracts into new markets.
- VIP holds accreditation approvals for its gloves into Europe, North America and Australia that enables the company to expand its market opportunities and capitalise on the demand of latex gloves as a result of the Covid-19 pandemic.
- VIP is seeking to raise new capital via the issue of a convertible note to a new investor who in return is seeking to expand their glove manufacturing operations to meet the increased global demand in latex gloves.
- VIP has continued to pay down and maintain bank debt at low levels to reduce interest costs associated with carrying external debt; and has paid in advance to avoid increased prices for utilities.
- VIP has received support from the deposit liability counterparty for the sale and leaseback transaction in not calling the outstanding amount owed, until the company returns to profitability as a show of good faith.
- VIP is seeking to sell land adjoining the current glove manufacturing operations to raise additional capital to complete the construction of line 8 and allow the company to expand its glove sale orders to generate additional revenue. Based upon an independent land and building valuation of MYR35 million (AUD$11.475 million), VIP will seek to secure additional debt financing.
- VIP has claimed a tax reinvestment allowance from the Malaysian taxation authorities and will receive a tax rebate of MYR3.376 million (AUD1.1 million) in FY23.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**Note 1. Significant accounting policies (continued)**

**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 25.

**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 2022 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.

**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.

**Note 1. Significant accounting policies (continued)**

*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.

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.

**Note 1. Significant accounting policies (continued)**

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 includes 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.

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.

**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.

**Note 1. Significant accounting policies (continued)**

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 |

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.

**Note 1. Significant accounting policies (continued)**

**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 received a deposit for the issue of convertible notes which are recognised at their fair value.

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.

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.

## Note 1. Significant accounting policies (continued)

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.

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.

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

*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. The consolidated entity engaged an independent accredited valuation firm to undertake a fair value assessment of land and buildings, and a separate assessment to value the plant and equipment. Both assessments of land and property, plant and equipment returned values greater than the values currently reported in the consolidated entity's statement of financial position, and no impairment was required.

*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. Carry forward tax losses have not been recognised in the Company's financial statements due to the low average selling prices, the current low operating margins and increased competition in the glove manufacturing business such that the Company cannot predict when the tax losses will be utilised.

## 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.

**Note 3. Operating segments (continued)**

| Consolidated - 30 June 2022 | Malaysia $ | Australia $ | elimination / unallocated $ | Total $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Sales to external customers | 10,597,008 | - | - | 10,597,008 |
| Interest revenue | 273 | - | - | 273 |
| **Total revenue** | 10,597,281 | - | - | 10,597,281 |
| | | | | |
| **EBITDA** | (5,731,794) | (1,137,325) | - | (6,869,119) |
| Depreciation and amortisation | (1,624,020) | - | - | (1,624,020) |
| Interest revenue | 273 | - | - | 273 |
| Finance costs | - | - | (99,947) | (99,947) |
| **Loss before income tax benefit** | (7,355,541) | (1,137,325) | (99,947) | (8,592,813) |
| Income tax benefit | | | | 1,215,883 |
| **Loss after income tax benefit** | | | | (7,376,930) |
| | | | | |
| **Assets** | | | | |
| Segment assets | 21,150,648 | 7,518,036 | (7,516,713) | 21,151,971 |
| **Total assets** | | | | 21,151,971 |
| | | | | |
| **Liabilities** | | | | |
| Segment liabilities | 7,689,561 | 291,457 | - | 7,981,018 |
| **Total liabilities** | | | | 7,981,018 |

| Consolidated - 30 June 2021 | Malaysia $ | Australia $ | elimination / unallocated $ | Total $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Sales to external customers | 48,123,312 | - | - | 48,123,312 |
| Interest revenue | 366 | - | 1 | 367 |
| **Total revenue** | 48,123,678 | - | 1 | 48,123,679 |
| | | | | |
| **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** | 11,047,715 | (1,969,182) | (208,088) | 8,870,445 |
| Income tax expense | | | | (4,153,036) |
| **Profit after income tax expense** | | | | 4,717,409 |
| | | | | |
| **Assets** | | | | |
| Segment assets | 27,047,730 | 7,569,954 | (7,516,713) | 27,100,971 |
| **Total assets** | | | | 27,100,971 |
| | | | | |
| **Liabilities** | | | | |
| Segment liabilities | 7,336,707 | 48,454 | - | 7,385,161 |
| **Total liabilities** | | | | 7,385,161 |

## Note 4. Revenue

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

| | **Consolidated** | |
|---|---|---|
| | **30 June 2022** | **30 June 2021** |
| | **$** | **$** |
| *Major product lines* | | |
| Nitrile gloves – VIP Glove Sdn Bhd | 10,597,008 | 47,980,892 |
| Conveyer chain parts – KLE Products Sdn Bhd | - | 142,420 |
| | 10,597,008 | 48,123,312 |

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

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 | Consolidated |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | % | % |
| Customer #1 | 27% | 25% |
| Customer #2 | 13% | - |
| Customer #3 | 11% | 12% |
| Customer #4 | 11% | - |

## Note 5. Other income

| | **Consolidated** | |
|---|---|---|
| | **30 June 2022** | **30 June 2021** |
| | **$** | **$** |
| Net foreign exchange gain | 13,853 | 509 |
| Other revenue[1] | 217,356 | 32,068 |
| Other income | 231,209 | 32,577 |

(1) Other revenue includes $208,789 from sales of scrap metal.

## Note 6. Expenses

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Profit/(loss) before income tax includes the following specific expenses: | | |
| *Depreciation* | | |
| Motor vehicles | 49,436 | 35,275 |
| Office equipment | 13,452 | 12,007 |
| Leasehold buildings | 16,084 | 15,193 |
| Land right-of-use assets | 83,373 | 83,081 |
| Total depreciation | 162,345 | 145,556 |
| *Depreciation included in cost of goods sold* | | |
| Plant and equipment | 1,461,675 | 1,108,711 |
| Total depreciation and amortisation | 1,624,020 | 1,254,267 |
| *Provision for impairment* | | |
| Impairment of inventories | 472,729 | - |
| Provision for expected credit losses | 471,638 | 83,864 |
| Total impairment | 944,367 | 83,864 |
| *General and administrative expenses* | | |
| Employee wages and related costs | 332,793 | 681,997 |
| Directors fees | 847,516 | 666,473 |
| Auditors fees | 67,845 | 64,075 |
| Other administration expenses | 362,132 | 542,168 |
| Total general and administrative expenses | 1,610,286 | 1,954,713 |
| *Share-based payments - equity based performance bonus granted to senior management, directors and key management personnel* | | |
| Shares | 54,000 | - |
| Options | 7,181 | 1,699,740 |
| Performance rights | 635,969 | 5,844,304 |
| Total Share-based payment expenses | 697,150 | 7,544,044 |
| *Finance costs* | | |
| Interest and finance charges paid/payable on borrowings | 99,947 | 163,358 |
| Other | - | 44,731 |
| Finance costs expensed | 99,947 | 208,089 |
| *Net loss on disposal* | | |
| Net loss on disposal of property, plant and equipment | 9,205 | - |

## Note 7. Income tax

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| *Income tax expense/(benefit)* | | |
| Current tax | (715,752) | 3,272,637 |
| Deferred tax | (500,131) | 880,399 |
| Aggregate income tax expense/(benefit) | (1,215,883) | 4,153,036 |
| Deferred tax included in income tax expense/(benefit) comprises: | | |
| Decrease in deferred tax assets | - | 380,268 |
| Increase/(decrease) in deferred tax liabilities | (500,131) | 500,131 |
| Deferred tax | (500,131) | 880,399 |
| *Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate* | | |
| Profit/(loss) before income tax (expense)/benefit | (8,592,813) | 8,870,445 |
| Tax at the statutory tax rate of 24% | (2,062,275) | 2,128,907 |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 167,316 | 1,810,570 |
| Non-deductable expenses | 33,616 | 144,836 |
| | (1,861,343) | 4,084,313 |
| Non assessable income | (29,089) | (8,175) |
| Tax credits from temporary differences and carried forward losses not brought to account | 674,549 | 76,898 |
| Income tax expense/(benefit) | (1,215,883) | 4,153,036 |

The income tax benefit is represented by a tax reinvestment allowance receivable from the Malaysian taxation.

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 8,874,417 | 6,063,796 |
| Potential tax benefit @ 24% | 2,129,860 | 1,455,311 |

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.

Carry forward tax losses are not recognised in the statement of financial position due to the current uncertainty of profits from normal operations.

**Note 7. Income tax (continued)**

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| *Deferred tax liability* | | |
| 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) |
| Deferred tax liability | - | 500,131 |
| Movements: | | |
| Opening balance | 500,131 | - |
| Charged/(credited) to profit or loss | (500,131) | 500,131 |
| Closing balance | - | 500,131 |

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| *Income tax refund due* | | |
| Income tax refund due | 2,180,450 | - |

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| *Provision for income tax* | | |
| Provision for income tax | 514,150 | 525,482 |

**Note 8. Current assets - cash and cash equivalents**

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| Cash at bank | 15,884 | 1,691,921 |

**Note 9. Current assets - trade and other receivables**

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| Trade receivables | 702,153 | 862,754 |
| Less: Allowance for expected credit losses | (699,324) | (83,864) |
| | 2,829 | 778,890 |
| Other receivables | 56,508 | 6,968 |
| | 59,337 | 785,858 |

**Note 9. Current assets - trade and other receivables (continued)**

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 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 |
| **Consolidated** | % | % | $ | $ | $ | $ |
| Not overdue | - | - | 42 | 752,746 | - | - |
| 0 to 3 months overdue | - | - | 976 | 24,547 | - | - |
| 3 to 6 months overdue | - | - | 166 | - | - | - |
| Over 6 months overdue | 99.76% | 98.13% | 700,969 | 85,461 | 699,324 | 83,864 |
| | | | 702,153 | 862,754 | 699,324 | 83,864 |

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

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Opening balance | 83,864 | - |
| Additional allowance recognised during the period | 471,638 | 83,864 |
| Adjustment to prior period provisions | 148,289 | - |
| Foreign currency translation | (4,467) | - |
| Closing balance | 699,324 | 83,864 |

**Note 10. Current assets - inventories**

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Raw materials | 384,607 | 2,311,557 |
| Work in progress | 34,631 | 132,278 |
| Finished goods | 912,533 | 3,505,528 |
| Less: Provision for impairment | (478,102) | - |
| | 434,431 | 3,505,528 |
| | 853,669 | 5,949,363 |

The provision for impairment is due to cost of production being higher than net realisable value of stock.

## Note 11. Non-current assets - property, plant and equipment

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Plant and equipment - at cost (i) | 13,896,574 | 13,489,310 |
| Less: Accumulated depreciation | (4,944,457) | (3,382,922) |
| Less: Impairment | (129,850) | (126,253) |
| | 8,822,267 | 9,980,135 |
| | | |
| Motor vehicles - at cost (i) | 249,992 | 243,065 |
| Less: Accumulated depreciation | (90,880) | (39,748) |
| | 159,112 | 203,317 |
| | | |
| Office equipment - at cost (i) | 135,789 | 127,961 |
| Less: Accumulated depreciation | (68,218) | (53,099) |
| | 67,571 | 74,862 |
| | | |
| Leasehold buildings (i) | 1,746,305 | 1,724,108 |
| Less: Accumulated depreciation | (133,512) | (113,997) |
| | 1,612,793 | 1,610,111 |
| | | |
| Capital works in progress (i) | 1,786,676 | 1,339,660 |
| | | |
| Leasehold land - right-of-use (ii) | 5,270,497 | 5,098,271 |
| Less: Accumulated depreciation | (628,641) | (529,239) |
| | 4,641,856 | 4,569,032 |
| | | |
| | 17,090,275 | 17,777,117 |

***(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 in progress* $ | Total $ |
|---|---|---|---|---|---|---|
| Balance at 1 July 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 | 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 | 1,610,111 | 9,980,135 | 74,862 | 203,317 | 1,339,660 | 13,208,085 |
| Additions | - | 47,522 | 4,180 | - | 408,838 | 460,540 |
| Disposals | - | (11,516) | - | - | - | (11,516) |
| Exchange differences | 18,766 | 267,800 | 1,981 | 5,232 | 38,178 | 331,957 |
| Depreciation expense | (16,084) | (1,461,675) | (13,452) | (49,436) | - | (1,540,647) |
| | | | | | | |
| Balance at 30 June 2022 | 1,612,793 | 8,822,266 | 67,571 | 159,113 | 1,786,676 | 12,448,419 |

* Capital Works in progress represents the new glove production line 8 currently under construction.

## Note 11. Non-current assets - property, plant and equipment (continued)

The consolidated entity engaged an independent accredited valuation firm to undertake a fair value assessment of land and buildings, and a separate assessment to value the plant and equipment. Both assessments of land and property, plant and equipment returned values greater than the values currently reported in the consolidated entity's statement of financial position, and no impairment was required.

**(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* $ |
|---|---|
| Balance at 1 July 2020 | 2,853,775 |
| Dissolution of leaseback sale agreement | 2,148,551 |
| Exchange differences | (350,213) |
| Depreciation expense | (83,081) |
| Balance at 30 June 2021 | 4,569,032 |
| | |
| Exchange differences | 156,197 |
| Depreciation expense | (83,373) |
| | |
| Balance at 30 June 2022 | 4,641,856 |

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

## Note 12. Current liabilities - trade and other payables

| | Consolidated | |
|---|---|---|
| | **30 June 2022 $** | **30 June 2021 $** |
| Trade payables | 3,152,860 | 2,331,091 |
| Other payables and accruals | 720,957 | 789,319 |
| | | |
| | 3,873,817 | 3,120,410 |

Refer to note 19 for further information on financial risk management.

## Note 13. Current liabilities - contract liabilities

| | Consolidated | |
|---|---|---|
| | **30 June 2022 $** | **30 June 2021 $** |
| Contract liabilities* | 531,480 | 157,601 |

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

| | 30 June 2022 $ | 30 June 2021 $ |
|---|---|---|
| Opening balance | 157,601 | 2,716,201 |
| Add amounts invoiced (ex GST / VAT) | 1,887,145 | 22,967,750 |
| Less amounts brought to account as revenue | (1,517,758) | (25,365,907) |
| Exchange differences | 4,492 | (160,443) |
| | | |
| Closing balance | 531,480 | 157,601 |

**Note 13. Current liabilities - contract liabilities (continued)**

* Sales proceeds received in advance of delivery of product.

**Note 14. Current liabilities - other financial liabilities**

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Term loans[1] | 155,408 | 155,330 |
| Amounts payable to related parties [2] | 19,027 | 64,066 |
| Deposit for convertible notes[3] | 98,837 | - |
| Deposit received for sale and leaseback transaction | 1,350,773 | 1,313,345 |
| | 1,624,045 | 1,532,741 |

Refer to note 19 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.

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

(3) The deposit for convertible notes of the consolidated entity. Convertible notes will be unsecured and convert to shares at the discretion of the noteholder. As at 30 June 2022, the notes had not been issued.

These 100,0000 unlisted redeemable convertible notes will have a face value of $1.00, are unrestricted, and have fixed interest rate of 9.0% per annum payable annually with the first interest payment due at maturity on 30 April 2023.

Conversion price will be the higher of:
(a) $0.025: and
(b) a 5-day Volume Weighted Price of the Company's shares as traded on the ASX up to the maturity date.

**Note 15. Non-current liabilities - other financial liabilities**

| | Consolidated | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Term loans[1] | 1,437,526 | 1,548,796 |

Refer to note 19 for further information on financial risk management.

(1) Refer to Note 14 Current Financial Liabilities for further information.

**Note 16. Equity - issued capital**

| | Consolidated | | | |
|---|---|---|---|---|
| | 30 June 2022 Shares | 30 June 2021 Shares | 30 June 2022 $ | 30 June 2021 $ |
| Ordinary shares - fully paid | 786,781,435 | 785,881,435 | 21,669,410 | 21,615,410 |

## Note 16. Equity - issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 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 | $0.0813 | 3,250,064 |
| Capital raising costs | | | | (200,877) |
| Balance | 30 June 2021 | 785,881,435 | | 21,615,410 |
| Issue of shares as consideration for investor relations services | 31 Dec 2021 | 900,000 | $0.0600 | 54,000 |
| Balance | 30 June 2022 | 786,781,435 | | 21,669,410 |

*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.

*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 2021 Financial Report.

## Note 17. Equity - options and performance rights

Options
30 June 2022 - Unlisted

## Note 17. Equity - options and performance rights (continued)

| Expiry date | Exercise price $ | Outstanding at 1 Jul 2021 | Issued during year | Exercised during year | Lapsed during year | Outstanding at 30 Jun 2022 |
|---|---|---|---|---|---|---|
| 23/10/2023 | $0.0450 | 37,775,000 | - | - | (12,775,000) | 25,000,000 |
| 30/06/2023 | $0.0750 | - | 1,000,000 | - | - | 1,000,000 |
| | | 37,775,000 | 1,000,000 | - | (12,775,000) | 26,000,000 |

Performance rights
30 June 2022 - 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 | 40,000,000 | - | - | - | 40,000,000 |

## Note 18. Equity - dividends

Dividends paid during the financial year were as follows:

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| Final dividend for the year ended 30 June 2021 of 0.05 cents ($0.0005) per ordinary share | 346,856 | - |
| Interim dividend for the year ended 30 June 2021 of 0.18 cents ($0.0018) per ordinary share | - | 1,167,749 |
| | 346,856 | 1,167,749 |

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 19. 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.

**Note 19. Financial risk management (continued)**

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents | 15,884 | 1,691,921 |
| Term deposits | 842,115 | 792,878 |
| Trade and other receivables | 59,337 | 785,858 |
| Total financial assets | 917,336 | 3,270,657 |
| | | |
| **Financial Liabilities** | | |
| Trade and other payables | 3,873,817 | 3,120,410 |
| Other financial liabilities – current | 1,525,208 | 1,532,741 |
| Other financial liabilities – non-current | 1,437,526 | 1,548,796 |
| Deposit for convertible notes | 98,837 | - |
| Total financial liabilities | 6,935,388 | 6,201,947 |

***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.

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 | |
|---|---|---|---|---|
| **Consolidated** | **30 June 2022 $AUD** | **30 June 2021 $AUD** | **30 June 2022 $AUD** | **30 June 2021 $AUD** |
| Financial assets denominated in US dollars | 1,319 | 123,775 | - | - |

The consolidated entity had net assets denominated in foreign currencies of AUD $1,319 at 30 June 2022 (2021: net assets of AUD $123,775).

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 $63 lower / $63 higher (2021: $5,894 lower / $5,894 higher) and equity would have been $63 lower / $63 higher (2021: $5,894 lower / $5,894 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 2022 was $35,796 (2021: gain $12,504).

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

**Note 19. Financial risk management (continued)**

*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 2022 | | 30 June 2021 | |
|---|---|---|---|---|
| **Consolidated** | **Weighted average interest rate %** | **Balance $** | **Weighted average interest rate %** | **Balance $** |
| Term Loans | 7.31% | 1,592,934 | 7.31% | 1,704,126 |
| Net exposure to cash flow interest rate risk | | 1,592,934 | | 1,704,126 |

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

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

***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.

**Note 19. Financial risk management (continued)**

*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 2022 | 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** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade & other payables | - | 3,873,817 | - | - | - | 3,873,817 |
| Amounts payable to related parties | - | 19,027 | - | - | - | 19,027 |
| Deposit received for sale and leaseback transaction | - | 1,350,773 | - | - | - | 1,350,773 |
| *Interest-bearing - fixed rate* | | | | | | |
| Deposit for convertible notes payable | 9.00% | 98,837 | - | - | - | 98,837 |
| Term loans | 7.31% | 155,408 | 1,437,526 | - | - | 1,592,934 |
| Total non-derivatives | | 5,497,862 | 1,437,526 | - | - | 6,935,388 |

| 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** | | | | | | |
| *Non-interest bearing* | | | | | | |
| 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 |
| *Interest-bearing - fixed rate* | | | | | | |
| Term loans | 7.31% | 155,330 | 1,548,796 | - | - | 1,704,126 |
| Total non-derivatives | | 4,653,151 | 1,548,796 | - | - | 6,201,947 |

* Weighted average interest rate for overdraft was BLR + 1.25% - 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 20. 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 2022 | 30 June 2021 |
| | $ | $ |
| Short-term employee benefits | 1,046,460 | 1,062,982 |
| Post-employment benefits | 83,032 | 88,623 |
| Share-based payments | 381,258 | 6,916,614 |
| | 1,510,750 | 8,068,219 |

## Note 21. 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 2022 | 30 June 2021 |
| | $ | $ |
| *Audit services — William Buck* | | |
| Audit or review of the financial statements | 52,500 | 65,637 |
| *Other services — William Buck* | | |
| Tax advisory services | 2,500 | 20,223 |
| | 55,000 | 85,860 |
| *Audit services - network firms* | | |
| Audit or review of the financial statements | 14,985 | 21,100 |

## Note 22. Contingent liabilities

In November 2020, VIP 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.

On 25 October 2021 the Company was successful in its application to strikeout the action and on 26 November 2021 the Company announced that the Plaintiff had lodged an appeal. The appeal is still pending in the Court of Appeal and the hearing date is now fixed for 27 October 2022.

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

With the advice of VIP’s lawyers, VIP intends to vigorously defend the matter on the grounds that the Plaintiff’s claim is without reasonable cause of action; frivolous and vexatious; and an abuse of Court process.

## Note 23. Commitments

The consolidated entity continues with the construction of glove manufacturing line 8 following the end of the reporting period.

Committed capital expenditure at 30 June 2022 is $1,242,716 (June 2021: $NIL).

Planned capital expenditure not yet committed at 30 June 2022 is $NIL (2021: $1,276,354).,

## Note 24. Related party transactions

*Parent entity*
VIP Gloves Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 26.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the Directors' report.

*Transactions with related parties*
There were no transactions with related parties during the current and previous financial year.

*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 2022** | **30 June 2021** |
| | **$** | **$** |
| Current payables: | | |
| Trade payables to key management personnel | 65,336 | - |
| Accrued Directors fees | 185,841 | 74,065 |
| Amounts payable to Directors | 19,027 | 64,066 |

*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 25. 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 2022** | **30 June 2021** |
| | **$** | **$** |
| Loss after income tax | (1,137,326) | (1,988,023) |
| Total comprehensive income | (1,137,326) | (1,988,023) |

## Note 25. Parent entity information (continued)

*Statement of financial position*

| | Parent | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| | $ | $ |
| Total current assets | 1,323 | 53,241 |
| Total assets | 13,115,628 | 13,659,657 |
| Total current liabilities | 291,457 | 48,454 |
| Total liabilities | 291,457 | 48,454 |
| Equity | | |
| Issued capital | 68,373,604 | 68,319,604 |
| Share-based payments reserve | 4,365,765 | 4,293,980 |
| Accumulated losses | (59,915,198) | (59,002,381) |
| Total equity | 12,824,171 | 13,611,203 |

*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 2022 and 30 June 2021.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

*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 26. 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:

| | | Ownership interest | |
|---|---|---|---|
| Name | Principal place of business / Country of incorporation | 30 June 2022 % | 30 June 2021 % |
| KLE Products Sdn Bhd | Malaysia | 100.00% | 100.00% |
| VIP Glove Sdn Bhd | Malaysia | 100.00% | 100.00% |

## Note 27. Events after the reporting period

The redeemable convertible note agreement for $100,000 was completed in July 2022.

No other matter or circumstance has arisen since 30 June 2022 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 28. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| Profit/(loss) after income tax (expense)/benefit for the year | (7,376,930) | 4,717,409 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,624,020 | 1,254,267 |
| Net loss on disposal of property, plant and equipment | 9,205 | - |
| Share-based payments | 697,150 | 7,544,044 |
| Foreign exchange differences | 15,147 | (16,209) |
| Doubtful debts expense | 471,638 | 83,864 |
| Impairment of inventory | 472,729 | - |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | 61,824 | (606,023) |
| Decrease/(increase) in inventories | 4,617,592 | (5,283,922) |
| Increase in income tax refund due | (2,180,450) | - |
| Decrease in deferred tax assets | - | 380,268 |
| Decrease/(increase) in other operating assets | (6,407) | 70,810 |
| Increase in trade and other payables | 876,035 | 35,917 |
| Increase/(decrease) in contract liabilities | 373,879 | (2,558,600) |
| Increase/(decrease) in provision for income tax | (11,332) | 356,002 |
| Increase/(decrease) in deferred tax liabilities | (500,131) | 500,131 |
| Net cash from/(used in) operating activities | (856,031) | 6,477,958 |

## Note 29. Earnings per share

| | Consolidated 30 June 2022 $ | Consolidated 30 June 2021 $ |
|---|---|---|
| Profit/(loss) after income tax | (7,376,930) | 4,717,409 |
| | **Cents** | **Cents** |
| Basic earnings per share | (0.94) | 0.62 |
| Diluted earnings per share | (0.94) | 0.59 |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 787,230,202 | 757,490,339 |
| 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 | 787,230,202 | 795,265,339 |

Options and performance rights granted are considered to be potential ordinary shares. On the basis of the consolidated entity's losses, the outstanding options and performance rights are not included in the calculation of diluted earnings per share because they are anti-dilutive.

## Note 30. 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.

**Note 30. Share-based payments (continued)**

**Options**

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 2022 | Weighted average exercise price 30 June 2022 | Number of options 30 June 2021 | Weighted average exercise price 30 June 2021 |
|---|---|---|---|---|
| Outstanding at the beginning of the financial year | 37,775,000 | $0.0450 | - | $0.0000 |
| Granted | 1,000,000 | $0.0750 | 38,000,000 | $0.0450 |
| Exercised | - | $0.0000 | (225,000) | $0.0450 |
| Forfeited * | (12,775,000) | $0.0450 | - | $0.0000 |
| Outstanding at the end of the financial year | 26,000,000 | $0.0460 | 37,775,000 | $0.0450 |

* Holders elected to cancel the options

30 June 2022

| 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 | 37,775,000 | - | - | (12,775,000) | 25,000,000 |
| 31/12/2021 | 30/06/2023 | $0.0750 | - | 1,000,000 | - | - | 1,000,000 |
| | | | 37,775,000 | 1,000,000 | - | (12,775,000) | 26,000,000 |

During the reporting period 1,000,000 options were granted to advisors under an agreement to provide investor relations services to the Company.

For the options granted during the current reporting period, 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 |
|---|---|---|---|---|---|---|---|
| 31/12/2021 | 30/06/2023 | $0.0310 | $0.0750 | 100.0000% | 7.0000% | 1.9500% | $0.0070 |

**Performance rights**

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

| | Number of rights 30 June 2022 | Weighted average exercise price 30 June 2022 | Number of rights 30 June 2021 | Weighted average exercise price 30 June 2021 |
|---|---|---|---|---|
| Outstanding at the beginning of the financial year | 40,000,000 | $0.0000 | - | $0.0000 |
| Granted | - | $0.0000 | 80,000,000 | $0.0000 |
| Exercised | - | $0.0000 | (40,000,000) | $0.0000 |
| Outstanding at the end of the financial year | 40,000,000 | $0.0000 | 40,000,000 | $0.0000 |

**Note 30. Share-based payments (continued)**

30 June 2022

| 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 | 40,000,000 | - | - | - | 40,000,000 |
| | | | 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.

The remaining 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. 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.

**Expenses arising from share-based payment transactions**

| | Consolidated | |
|---|---|---|
| | **30 June 2022** | **30 June 2021** |
| | **$** | **$** |
| Shares - issued to advisors as consideration for investor relations services | 54,000 | - |
| Options - issued to advisors as consideration for investor relations services | 7,181 | 1,699,740 |
| Performance rights - amortisation of rights issued in prior periods under the Equity Incentive Plan | 635,969 | 5,844,304 |
| | 697,150 | 7,544,044 |

**VIP Gloves Limited**
**Directors' declaration**
**30 June 2022**

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 2022 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

30 September 2022

William Buck
ACCOUNTANTS & ADVISORS

# 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 2022, the consolidated statement of profit or loss and other 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 2022 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.

## Material uncertainty related to Going Concern

We draw attention to Note 1 to the financial report, which describes that for the year ended 30 June 2022 the Group incurred a loss of $7,376,930 and net cash outflows from operating activities of $856,031. The Group also had net current liabilities of $2,481,796 at year end. These conditions, along with other matters set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## 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. In addition to the matter described in *the Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| KEY AUDIT MATTER | |
|---|---|
| **Revenue recognition (refer to Note 4)** | **How our audit addressed it** |
| At 30 June 2022, sales revenue totalled $10,597,008 and contract liabilities were $531,480.<br><br>The Group's 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, some customers prepay ahead of delivery, whilst others have in-arrears credit terms.<br><br>We consider this to be a key audit matter due to the variability in trading terms with customers which adds complexity to the timing and cut-off of revenue recognition. | Our audit procedures over revenue included:<br>— Assessing the compliance of the Group's revenue recognition accounting policy with AASB 15 *Revenue from Contracts with Customers* , including those relating to identifying a contract with a customer and determining the transaction price;<br>— Agreeing a sample of sale transactions during the year to underlying supporting documentation including bills of delivery and banking receipts; and<br>— 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.<br><br>We also assessed the appropriateness of disclosures relating to these items in the financial statements. |

| KEY AUDIT MATTER | |
|---|---|
| **Impairment of non-current assets (refer to note 11)** | **How our audit addressed it** |
| An impairment assessment of a cash generating unit ("CGU") is generally required to be performed when there is an indicator of impairment.<br><br>During the year ended 30 June 2022 the Company's share price declined in value, which contributed to an erosion of its market capitalisation and therefore an impairment trigger. | Our procedures involved:<br>— Assessing the reasonableness of the determination of the CGU and the allocation of assets and liabilities to the CGU;<br>— Assessing the appropriateness of the impairment test methodology used being a fair value less cost of disposal;<br>— Examining the competence and objectivity of the independent expert valuer; |

| KEY AUDIT MATTER | |
|---|---|
| **Impairment of non-current assets (refer to note 11)** | **How our audit addressed it** |
| Consequently, the directors of the Company conducted an impairment analysis of the Company's single CGU, being its nitrile glove manufacturing and selling operations in Malaysia.<br><br>Management have assessed the recoverable amount based on a fair value less cost of disposal approach with assistance from independent expert valuers.<br><br>As a result of the impairment exercise, no impairment expense was recorded as the recoverable amount of the assets within the CGU exceeded the carrying amount.<br><br>Due to the significance of judgements and estimates involved in determining the fair value less cost of disposal of the assets, we consider this to be a key audit matter. | — Evaluating the key inputs to the valuation including recent comparable transactions, the estimated useful life of fixed assets, depreciation rates, current condition of the asset and cost of disposal; and<br>— Assessing the reasonableness of the overall carrying amount of the CGU in light of the fair value less cost of disposal and whether any further impairment is required.<br><br>We also ensured that these matters were completely and accurately disclosed in the financial statements. |

| KEY AUDIT MATTER | |
|---|---|
| **Valuation of inventory (refer to note 10)** | **How our audit addressed it** |
| Due to fluctuations in the average selling prices ("ASP") during the year, the Group has experienced a decline in sales revenues and negative sales margins. The Group is required to record its inventory at the lower of cost or net realisable value in accordance with AASB 102 *Inventories*.<br><br>We considered the following factors that increased the risk of valuation over inventory:<br>— Negative sales margins due to reduced ASPs;<br>— Reduced turnover of inventory with significant balances at year end; and<br>— Judgement and estimates involved in estimating inventory provisions based on future volume ASPs | Our procedures involved:<br>— Assessing the Group's inventory valuation methodology against the requirements of AASB 102 *Inventories*;<br>— Testing the costing accuracy on a sample basis by reviewing the costing methodology and verifying the actual production costs against inventory items;<br>— Verifying the net realisable value on a sample basis by comparing the inventory item to recent selling prices; and<br>— Performing analytical review procedures and assessing differences from expectations. |

| KEY AUDIT MATTER | |
|---|---|
| **Valuation of inventory (refer to note 10)** | **How our audit addressed it** |
| As at 30 June 2022, the Group holds inventories of $853,669 which includes an impairment charge of $478,102, representing the difference between the cost and net realisable value.<br><br>We consider this to be a key audit matter due to the significant judgement and estimates involved in determining the value of inventory being the lower of cost or net realisable value. | We also ensured that these matters were completely and accurately disclosed in the financial statements. |

## 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 2022 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 2022.

In our opinion, the Remuneration Report of VIP Gloves Limited, for the year ended 30 June 2022, 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.

William Buck

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

**N. S. Benbow**
Director
Melbourne, 30th September 2022

**VIP Gloves Limited**
**Shareholder information**
**30 June 2022**

The shareholder information set out below was applicable as at 26 September 2022.

**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 | 43 | 7,403 | 5 | 26,000,000 | 27 | 40,000,000 |
| 1,001 to 5,000 | 64 | 230,484 | - | - | - | - |
| 5,001 to 10,000 | 67 | 529,289 | - | - | - | - |
| 10,001 to 100,000 | 628 | 27,372,537 | - | - | - | - |
| 100,001 and over | 328 | 758,641,722 | - | - | - | - |
| | 1,130 | 786,781,435 | 5 | 26,000,000 | 27 | 40,000,000 |
| Holders of less than a marketable parcel | 39 | 4,781 | - | - | - | - |

**Equity security holders**

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

| | Ordinary shares | |
|---|---|---|
| | **Number held** | **% of total shares issued** |
| LEADING AND JUNCTION SDN BHD | 128,074,644 | 16.28 |
| CITICORP NOMINEES PTY LIMITED | 95,250,504 | 12.11 |
| WEE MIN CHEN | 58,650,948 | 7.45 |
| ENDLESS EARNINGS SDN BHD | 45,634,862 | 5.80 |
| MR CHOONG CHOY LEE | 40,293,217 | 5.12 |
| LEE KEONG WONG | 23,471,165 | 2.98 |
| BNP PARIBAS NOMINEES PTY LTD [IB AU NOMS RETAILCLIENT DRP] | 20,380,831 | 2.59 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 16,250,763 | 2.07 |
| CHIN KAR YANG | 12,500,000 | 1.59 |
| MR LIGE WANG | 11,627,622 | 1.48 |
| MR TING LIAN LOO | 10,105,140 | 1.28 |
| YAT YIN TAI | 10,000,000 | 1.27 |
| MR LACHLAN JAMES MCALPINE | 10,000,000 | 1.27 |
| MS MAY THIAN | 9,887,123 | 1.26 |
| LEE KEONG WONG | 9,177,950 | 1.17 |
| MR KENG TAK SOONG | 9,073,664 | 1.15 |
| 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 |
| | 538,369,715 | 68.43 |

## 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 | 16.28 |
| THE ESTATE OF WEE MIN CHEN | 58,650,948 | 7.45 |
| ENDLESS EARNINGS SDN BHD | 45,634,862 | 5.80 |
| MR CHOONG CHOY LEE | 40,293,217 | 5.12 |

## 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.