

Company No.: ARBN 612834572

VGX LIMITED
(Incorporated in British Virgin Islands)
FINANCIAL STATEMENTS
30 JUNE 2021

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Company No.: ARBN 612834572

VGX LIMITED
(Incorporated in British Virgin Islands)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VGX LIMITED**

(Incorporated in British Virgin Islands)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VGX LIMITED, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Impairment assessment of intellectual property right

Refer to Note 3.4 and 3.5 (Significant Accounting Policies), Note 4.2 (Significant Accounting Judgements, Estimates and Assumptions) and Note 6 (Intangible asset).

The carrying values of intellectual property right of the Group and of the Company as at 30 June 2021 is A\$178,552 and A\$178,549 respectively.

The subsidiary recorded continued losses for two consecutive years, which is an impairment indicator. An impairment assessment was performed by the management.

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The recoverable amount of the intellectual property right is determined based on value-in-use calculation.

No impairment was required as the recoverable amount of the intellectual property right was in excess of its carrying amount.

We focused on this area as the impairment assessment performed by the management requires significant judgement as the timing and quantum of the cash flows are dependent on sales volume growth rate, and margin.

Our audit procedures performed in this area included, amongst others:

- Assessed the reliability of the management's forecast through the review of past trends of actual financial performances against previous forecasted results;
- Checked the key assumptions used by the management in the value-in-use calculation on sales volume growth rate and margin by product comparing to business plans, historical results and market data;
- Performed sensitivity analysis on sales volume growth rates and discount rate to evaluate impact on the impairment assessment; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Going concern

Refer to Note 2.2 (Going Concern Assumption).

The Group and the Company recorded a net current liabilities of A\$236,634 and A\$411,802 respectively.

The Directors highlighted that there is significant judgments in preparation of the financial statement using going concern basis. The going concern of the Group and the Company is dependent upon the ongoing support of the Directors.

Our audit procedures performed in this area included, amongst others:

- We checked the management's cash flows forecast for the Group and the Company to the approved annual budget by the Directors;
- We discussed and challenged the management on key assumptions used in the cash flows forecasts including cash collection trends, payment profiles and significant transactions in relation to investing and financing activities;
- We have challenged the management on the appropriateness to prepare the financial statements on a going concern basis;
- We have obtained the letter of financial support from the Directors on their continued support to the Group and the Company; and
- We determined that adequate disclosures are made in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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Our opinion on the financial statements of the Group and of the Company 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 statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company 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 Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability 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 the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA 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 these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



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- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body and for no other purposes. We do not assume responsibility to any other person for the content of this report.

The engagement partner on the audit resulting in this independent auditors' report is Ho Mee Ling.



HML & CO.
AF: 1325
Chartered Accountants

Kuala Lumpur, Malaysia
9 September 2021

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VGX LIMITED

(Incorporated in British Virgin Islands)

STATEMENT BY DIRECTORS

In the opinion of the Directors of VGX LIMITED, the financial statements set out on pages 6 to 41 are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors



ERIC CHUNG CHI KONG
Director



YAP POH YEE
Director

Kuala Lumpur, Malaysia
9 September 2021

VGX LIMITED*(Incorporated in British Virgin Islands)***STATEMENTS OF FINANCIAL POSITION****AS AT 30 JUNE 2021**

		Group		Company	
		2021	2020	2021	2020
	Note	A\$	A\$	A\$	A\$
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	4,732	15,549	-	-
Intangible asset	6	178,552	221,019	178,549	221,015
Investment in subsidiary	7	-	-	156,790	166,355
Goodwill	8	69,119	73,335	-	-
		252,403	309,903	335,339	387,370
CURRENT ASSETS					
Inventories	9	8,095	11,770	-	-
Trade receivables		20,004	28,760	-	-
Other receivables, deposits and prepayments	10	365,057	394,225	-	-
Cash and bank balances		7,354	551	67	97
		400,510	435,306	67	97
TOTAL ASSETS		652,913	745,209	335,406	387,467
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	11	338,781	338,781	338,781	338,781
Accumulated losses		(424,261)	(345,558)	(426,174)	(356,798)
Foreign currency translation reserve	12	(4,874)	(911)	10,930	9,458
		(90,354)	(7,688)	(76,463)	(8,559)
Minority interest		95,763	95,946	-	-
SHAREHOLDERS' EQUITY/(CAPITAL DEFICIENCY)		5,409	88,258	(76,463)	(8,559)
NON-CURRENT LIABILITY					
Finance lease payable	13	10,360	16,606	-	-

The accompanying notes form an integral part of the financial statements.

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VGX LIMITED

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STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Group		Company	
		2021	2020	2021	2020
	Note	A\$	A\$	A\$	A\$
CURRENT LIABILITIES					
Trade payables		35,609	45,101	-	-
Other payables and accruals	14	82,007	101,093	29,253	15,902
Amount owing to Directors	15	514,237	490,123	-	-
Amount owing to subsidiary	16	-	-	382,616	380,124
Finance lease payable	13	5,291	4,028	-	-
		<u>637,144</u>	<u>640,345</u>	<u>411,869</u>	<u>396,026</u>
TOTAL LIABILITIES		<u>647,504</u>	<u>656,951</u>	<u>411,869</u>	<u>396,026</u>
TOTAL EQUITY AND LIABILITIES		<u>652,913</u>	<u>745,209</u>	<u>335,406</u>	<u>387,467</u>

The accompanying notes form an integral part of the financial statements.

VGX LIMITED*(Incorporated in British Virgin Islands)***STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

		Group		Company	
	Note	2021	2020	2021	2020
		A\$	A\$	A\$	A\$
Revenue	17	388,904	441,912	-	-
Cost of sales		<u>(151,540)</u>	<u>(165,469)</u>	<u>-</u>	<u>-</u>
Gross profit		237,364	276,443	-	-
Other operating income		8,269	18,210	-	-
Distribution expenses		(97,689)	(98,271)	-	-
Research and development expenses		(24,029)	(44,926)	-	-
Administration expenses		(161,905)	(260,050)	(39,193)	(81,449)
Other operating expenses		<u>(40,248)</u>	<u>(45,799)</u>	<u>(30,183)</u>	<u>(32,947)</u>
Loss from operations		(78,238)	(154,393)	(69,376)	(114,396)
Finance expenses		<u>(648)</u>	<u>(996)</u>	<u>-</u>	<u>-</u>
Loss before tax	18	(78,886)	(155,389)	(69,376)	(114,396)
Income tax expense	19	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss		(78,886)	(155,389)	(69,376)	(114,396)
Minority interest		<u>4,851</u>	<u>20,906</u>	<u>-</u>	<u>-</u>
Total comprehensive loss		<u><u>(74,035)</u></u>	<u><u>(134,483)</u></u>	<u><u>(69,376)</u></u>	<u><u>(114,396)</u></u>
Other comprehensive expenses					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		<u>(3,963)</u>	<u>(48,364)</u>	<u>1,472</u>	<u>(42,459)</u>
Total comprehensive expense		<u><u>(77,998)</u></u>	<u><u>(182,847)</u></u>	<u><u>(67,904)</u></u>	<u><u>(156,855)</u></u>
Loss per share:					
Basic - cents per share	20	<u><u>(0.14)</u></u>	<u><u>(0.26)</u></u>		

The accompanying notes form an integral part of the financial statements.

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital A\$	Foreign currency translation reserves A\$	Accumulated losses A\$	Non – controlling interest A\$	Total A\$
GROUP					
As at 1 July 2019	691,390	47,453	(562,500)	-	176,343
Capital reduction adjustment	(352,609)	-	351,425	116,852	115,668
Total comprehensive loss for the year	-	(48,364)	(134,483)	(20,906)	(203,753)
As at 30 June 2020/ 1 July 2020	338,781	(911)	(345,558)	95,946	88,258
Total comprehensive loss for the year	-	(3,963)	(74,035)	(4,851)	(82,849)
As at 30 June 2021	<u>338,781</u>	<u>(4,874)</u>	<u>(419,593)</u>	<u>91,095</u>	<u>5,409</u>
COMPANY					
As at 1 July 2019	691,390	51,917	(465,069)	-	278,238
Capital reduction adjustment	(352,609)	-	222,667	-	(129,942)
Total comprehensive loss for the year	-	(42,459)	(114,396)	-	(156,855)
As at 30 June 2020/ 1 July 2020	338,781	9,458	(356,798)	-	(8,559)
Total comprehensive loss for the year	-	1,472	(69,376)	-	(67,904)
As at 30 June 2021	<u>338,781</u>	<u>10,930</u>	<u>(426,174)</u>	<u>-</u>	<u>(76,463)</u>

The accompanying notes form an integral part of the financial statements.

VGX LIMITED*(Incorporated in British Virgin Islands)***STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(78,886)	(155,389)	(69,376)	(114,396)
Adjustment for:				
Amortisation of intangible asset	30,183	32,947	30,183	32,947
Depreciation of property, plant and equipment	9,924	12,315	-	-
Interest expenses	648	996	-	-
Operating loss before working capital changes	(38,131)	(109,131)	(39,193)	(81,449)
Decrease in inventories	3,675	9,055	-	-
Decrease in trade receivables	8,756	19,862	-	-
Decrease/(Increase) in other receivables, deposits and prepayments	29,168	(10,266)	-	-
Decrease in trade payables	(9,492)	(11,099)	-	-
(Decrease)/Increase in other payables and accruals	(19,086)	16,317	13,351	5,329
Increase in amount owing to Directors	24,114	84,476	-	-
Increase in amount owing to subsidiary	-	-	2,492	68,021
Cash used in from operations	(996)	(786)	(23,350)	(8,099)
Interest paid	(648)	(996)	-	-
Net cash used in operating activities	(1,644)	(1,782)	(23,350)	(8,099)
CASH FLOWS FROM FINANCING ACTIVITY				
Repayment of finance lease payable	(4,983)	(5,869)	-	-
Net cash used in financing activity	(4,983)	(5,869)	-	-
Net decrease in cash and cash equivalents	(6,627)	(7,651)	(23,350)	(8,099)
Cash and cash equivalents at beginning of the year	551	1,385	97	136
Effect of exchange rate changes on cash and cash equivalents	13,430	6,817	23,320	8,060
Cash and cash equivalents at end of the year	7,354	551	67	97
Cash and cash equivalents comprise:				
Cash and bank balances	7,354	551	67	97

The accompanying notes form an integral part of the financial statements.

VGX LIMITED
(Incorporated in British Virgin Islands)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 GENERAL CORPORATE INFORMATION AND NATURE OF OPERATION

VGX Limited is a company limited by shares incorporated and domiciled in British Virgin Islands and listed on the National Stock Exchange of Australia, with its registered office in Australia located at Level 1, Office F, 1139 Hay Street, West Perth WA 6005, Australia.

The Company is an investment holding company and it holds 49% of the issued share capital of Virgin Greens X Sdn. Bhd., a Malaysia *BioNexus Status* company which carries on business of research, development and commercialisation of food and agriculture related technologies. *BioNexus Status* is a special status awarded by the Malaysian government to qualified international and Malaysian biotechnology companies that participate in and undertake value-added biotechnology activities.

There have been no significant changes in the nature of these activities during the financial year.

On 24 September 2020, the subsidiary, Virgin Greens X Sdn. Bhd., incorporated a new subsidiary, MG AgriWorks Sdn. Bhd., a Malaysian company which engage in application of biotechnology in agriculture with its business activities covering production and distribution of sustainable products for plant nutrition, growth and protection.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT, FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements have been prepared on a historical cost basis.

The financial statements have been prepared based on the currency of the primary economic environment in which the entity operates (i.e., its functional currency). The functional currency of the Company and its subsidiary are Ringgit Malaysia ("RM"), while the presentation currency of the Group and of the Company are Australian Dollars ("A\$"). All financial information is presented in Australian Dollars, unless otherwise stated.

2.2 GOING CONCERN ASSUMPTION

The Directors assessed and concluded that it is appropriate to prepare this set of financial statements on a going concern basis. While the Group and the Company recorded a net current liabilities of A\$236,634 and A\$411,802 as at 30 June 2021 (2020: A\$205,039 and A\$395,929), there is no reason for the Directors to believe that there is any significant uncertainty on the ability of the Company to continue as a going concern because the Directors have undertaken to provide appropriate financial support to the Company to enable it to meet its obligations as and when they fall due.

2.3 COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (“IASB”).

ADOPTION OF NEW AND AMENDED STANDARDS

During the year, the Group have adopted all the amendments to IFRS that are mandatory for the current year. The adoption of the amendments to IFRS did not have any significant impact on the financial statements of the Group.

IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020:

- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions

IFRSs, Interpretations and amendments effective for annual periods beginning on or after 17 August 2020:

- Amendment to IFRS 4, Insurance Contract – Extension of the Temporary Exemption from applying IFRS 9

IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021:

- Amendment to IFRS 4, IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group did not adopt an earlier application of the following new and revised IFRSs which have been issued by the IASB but are not yet effective for current year ended 30 June 2021.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16, Property, Plant and Equipment
- Annual Improvements to IFRS Standards 2018 – 2020

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2023:

- IFRS 17, Insurance Contracts
- Amendments to IFRS 17, Insurance Contracts
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current

IFRSs, IFRIC and amendments effective for annual periods beginning on or after a date yet to be confirmed:

- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Group will adopt the above IFRSs in the respective financial years when they become effective. The initial application of the above-mentioned IFRSs are not expected to have any significant impacts on the financial statements of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in statement of comprehensive income as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in statement of comprehensive income. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3.4.

ii) Change In Ownership Interests In Subsidiaries Without Change Of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Disposal Of Subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in statement of comprehensive income. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

iv) Goodwill On Consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in statement of comprehensive income.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3.4.

3.2 FOREIGN CURRENCY TRANSLATION

i) Foreign Currency Transaction And Balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

ii) Foreign Operations

The results and financial position of operations that have a functional currency different from the presentation currency ("A\$") ("Foreign Operation") are translated into A\$ as follows:

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- (b) Income and expenses for each income statement are translated at the exchange rate at the date of the transactions or an average rate that approximates those rates; and
- (c) All resulting exchange differences are taken to the FCTR within other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, translated at the closing rate at the reporting date.

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to statement of comprehensive income as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3 PROPERTY, PLANT AND EQUIPMENT

i) Recognition And Measurement

Property, plant and equipment are measured at costs less any accumulated depreciation and any accumulated impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the costs of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “other expenses” respectively in statement of comprehensive income.

ii) Subsequent Costs

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

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. The estimated useful lives, as follows:

	<u>Rate</u>
Computer	33%
Lab equipment	20%
Motor vehicles	20%
Office equipment	20%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted where appropriate.

3.4 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group and the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.5 INTANGIBLE ASSETS

Intangible assets are recognised when it is probable that expected future economic benefits that are attributable to the assets will flow to the Group and the Company, the cost or value of the assets can be measured reliably and the assets do not result from expenditure incurred internally on an intangible item.

Intangible assets acquired separately are measured at cost initially. Subsequently, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intellectual property rights are amortised on a straight-line method over the estimated useful lives of 10 years. The amortisation period and method are reviewed if there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date.

3.6 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.7 FINANCIAL INSTRUMENTS

i) Initial Recognition And Measurement

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group becomes a party to the contractual provisions of the instrument.

If a contract, whether financial or non-financial, contains an embedded derivative, the Group assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial asset out of the fair value through profit or loss category.

On initial recognition, all financial assets and financial liabilities (including government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to statement of comprehensive income when incurred.

ii) Derecognition Of Financial Instruments

For derecognition purposes, the Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

iii) Subsequent Measurement Of Financial Assets And Financial Liabilities

For the purpose of subsequent measurement, the Group classifies trade and other receivables, advances to related parties, and cash and cash equivalents in the category of loans and receivables. The Group has no other categories of financial assets.

After initial recognition, the Group measures:

- (a) financial assets in the loans and receivables category as at amortised cost using the effective interest method; and
- (b) financial liabilities comprise trade and other payables and advances from related parties. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method.

iv) ***Recognition Of Gains And Losses***

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in statement of comprehensive income only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

v) ***Impairment And Uncollectibility Of Financial Assets***

The Group applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidence of trigger loss events include:

- (a) significant difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payment;
- (c) granting exceptional concession to a customer;
- (d) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at its original effective interest rate. Any impairment loss is recognised in statement of comprehensive income and a corresponding amount is recorded in an allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in statement of comprehensive income with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's experience of loss ratio in each class, taking into consideration current market conditions.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

3.9 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND DISTRIBUTIONS

The Group and the Company classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

i) Share Capital

Ordinary shares and non-redeemable preference shares issued that carry no mandatory contractual obligation:

- (a) to deliver cash or another financial asset; or
- (b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity.

ii) Compound Financial Instruments

The Group and the Company evaluates the terms of an issued financial instrument to determine whether it contains both a liability and an equity component. The proceeds of a convertible bond or other compound instruments are allocated to the liability component measured at fair value, using the discounted cash flow method, and balance to the equity component. Transaction costs are allocated pro rata based on the relative carrying amounts. Any tax effect arising from temporary differences of the liability component is charged or credited to the equity component.

iii) Distributions

The Group and the Company establishes a distribution policy whereby cash dividends can only be paid out of retained profits.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Management declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders.

3.10 PROVISIONS

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group and the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 LEASES

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of comprehensive income. Contingent rent, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregated benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.12 REVENUE AND OTHER INCOME RECOGNITION

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue and other income can be reliably measured. Revenue and other income are measured at fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue and other income are recognised:

i) Sale of goods

Revenue is recognised net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3.13 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

ii) Defined Contribution Plan

Contributions to the statutory pension scheme are recognised as an expense in statement of comprehensive income in the year to which they relate.

3.14 INCOME TAX

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- i) the initial recognition of goodwill; or
- ii) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for depreciation allowances for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax losses).

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Current and deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in statement of comprehensive income for the period, except to the extent that the tax arises from items recognised outside statement of comprehensive income. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.16 CONTINGENT LIABILITIES

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.17 FAIR VALUE MEASUREMENT

Fair value of an asset or a liability, except for lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- | | |
|----------|--|
| Level 1: | quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. |
| Level 2: | inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3: | unobservable inputs for the asset or liability. |

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

4.1 IMPAIRMENT OF LOANS AND RECEIVABLES

The Group and the Company recognises impairment losses for receivables using the expected credit losses model. At the end of each reporting period, the Group and the Company assesses whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the allowance made and this may affect the Group and the Company's financial position and results.

4.2 IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSET

The Group assesses whether there are any indicators of impairment of goodwill and intangible assets at each reporting date. Goodwill is tested for impairment annually and at any other time when such indicators exist. Intangible assets are tested for impairment when there are indicators that their carrying values may exceed the recoverable amounts. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 8. The carrying amount of intangible asset is disclosed in Note 6.

4.3 INVENTORIES

Inventories are stated at the lower of cost and net realisable value (NRV). NRV for finished goods is assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the Company's best estimation of the value recoverable through sale.

4.4 MEASUREMENT OF INCOME TAXES

Significant judgment is required in determining the Group and the Company's provision for current and deferred taxes. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

5 PROPERTY, PLANT AND EQUIPMENT**Group**

	As at 1 July 2020	Additions	Exchange difference	As at 30 June 2021
<u>2021</u>	A\$	A\$	A\$	A\$
<u>Cost</u>				
Computer	4,776	-	(275)	4,501
Lab equipment	15,930	-	(916)	15,014
Motor vehicle	71,866	-	(4,132)	67,734
Office equipment	1,966	-	(113)	1,853
	94,538	-	(5,436)	89,102

	As at 1 July 2020	Charges for the year	Exchange difference	As at 30 June 2021
	A\$	A\$	A\$	A\$
<u>Accumulated Depreciation</u>				
Computer	4,672	96	(269)	4,499
Lab equipment	11,481	2,203	(661)	13,023
Motor vehicle	61,214	7,530	(3,520)	65,224
Office equipment	1,622	95	(93)	1,624
	78,989	9,924	(4,543)	84,370

	2021 A\$
<u>Carrying Amounts</u>	
Computer	2
Lab equipment	1,991
Motor vehicle	2,510
Office equipment	229
	4,732

2020	As at 1 July 2019 A\$	Additions A\$	Exchange difference A\$	As at 30 June 2020 A\$
<u>Cost</u>				
Computer	4,846	-	(70)	4,776
Lab equipment	16,163	-	(233)	15,930
Motor vehicles	72,921	-	(1,055)	71,866
Office equipment	1,995	-	(29)	1,966
	<u>95,925</u>	<u>-</u>	<u>(1,387)</u>	<u>94,538</u>

	As at 1 July 2019 A\$	Charges for the year A\$	Exchange difference A\$	As at 30 June 2020 A\$
<u>Accumulated Depreciation</u>				
Computer	4,305	429	(62)	4,672
Lab equipment	8,415	3,186	(120)	11,481
Motor vehicles	53,530	8,458	(774)	61,214
Office equipment	1,401	242	(21)	1,622
	<u>67,651</u>	<u>12,315</u>	<u>(977)</u>	<u>78,989</u>

	2020 A\$
<u>Carrying Amounts</u>	
Computer	104
Lab equipment	4,449
Motor vehicles	10,652
Office equipment	<u>344</u>
	<u>15,549</u>

The carrying amounts of the property, plant and equipment under finance lease of the Group is as follows:

	Group	
	2021 A\$	2020 A\$
Motor vehicles	<u>2,509</u>	<u>10,651</u>

The cost of fully depreciated property, plant and equipment of the Group are as follows:

	Group	
	2021	2020
	A\$	A\$
Computer	4,501	4,194
Lab equipment	7,999	-
Motor vehicles	30,084	31,919
Office equipment	1,374	1,458
	<u>43,958</u>	<u>37,571</u>

6 INTANGIBLE ASSET

GROUP	Intellectual property rights A\$	Total A\$
<u>Cost</u>		
At beginning of the year	314,911	314,911
Exchange difference	(12,284)	(12,284)
At end of the year	<u>302,627</u>	<u>302,627</u>
<u>Accumulated amortisation</u>		
At beginning of the year	93,892	93,892
Amortisation charges for the year	30,183	30,183
At end of the year	<u>124,075</u>	<u>124,075</u>
<u>Carrying amounts</u>		
As at 30 June 2021	<u>178,552</u>	<u>178,552</u>
COMPANY	Intellectual property rights A\$	Total A\$
<u>Cost</u>		
At beginning of the year	314,907	314,907
Exchange difference	(12,283)	(12,283)
At end of the year	<u>302,624</u>	<u>302,624</u>
<u>Accumulated amortisation</u>		
At beginning of the year	93,892	93,892
Amortisation charges for the year	30,183	30,183
At end of the year	<u>124,075</u>	<u>124,075</u>
<u>Carrying amounts</u>		
As at 30 June 2021	<u>178,549</u>	<u>178,549</u>

GROUP	Intellectual property rights A\$	Total A\$
<u>Cost</u>		
At beginning of the year	317,244	317,244
Exchange difference	(2,333)	(2,333)
At end of the year	<u>314,911</u>	<u>314,911</u>
<u>Accumulated amortisation</u>		
At beginning of the year	60,945	60,945
Amortisation charges for the year	32,947	32,947
At end of the year	<u>93,892</u>	<u>93,892</u>
<u>Carrying amounts</u>		
As at 30 June 2020	<u>221,019</u>	<u>221,019</u>
COMPANY	Intellectual property rights A\$	Total A\$
<u>Cost</u>		
At beginning of the year	317,240	317,240
Exchange difference	(2,333)	(2,333)
At end of the year	<u>314,907</u>	<u>314,907</u>
<u>Accumulated amortisation</u>		
At beginning of the year	60,945	60,945
Amortisation charges for the year	32,947	32,947
At end of the year	<u>93,892</u>	<u>93,892</u>
<u>Carrying amounts</u>		
As at 30 June 2020	<u>221,015</u>	<u>221,015</u>

7 INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	A\$	A\$
Unquoted shares – At cost		
At beginning of the year	166,355	344,483
Exchange difference	(9,565)	-
Disposal due to capital reduction	-	(178,128)
At end of the year	<u>156,790</u>	<u>166,355</u>

Details of the Company's Group are as follows:

Name of subsidiaries	Country of incorporation	Equity interest (%)		Principal activities
		2021	2020	
Virgin Greens X Sdn. Bhd.	Malaysia	* 49%	49%	Research, development and commercialisation of food and agriculture related technologies with its business activities covering microbial product and biological process development, manufacturing and marketing of its proprietary solutions designed for the food and agriculture sector.
<u>Subsidiary of Virgin Greens X Sdn. Bhd.</u>				
MG Agriworks Sdn. Bhd.	Malaysia	100%	-	Engage in application of biotechnology in agriculture with its business activities covering production and distribution of sustainable products for plant nutrition, growth and protection.

* The Company has the entire voting power of Virgin Greens X Sdn. Bhd. through a Block Voting Agreement.

8 GOODWILL

	Group	
	2021	2020
	A\$	A\$
At beginning of the year	73,335	10,105
Addition due to capital reduction	-	63,230
Exchange difference	(4,216)	-
At end of the year	<u>69,119</u>	<u>73,335</u>

The carrying amount of goodwill arising from the acquisition of Virgin Greens X Sdn. Bhd (i.e. Cash Generating Units (“CGU”)) was tested for impairment using the value in use (“VIU”) method.

Based on the impairment assessment performed by the Group, no impairment is required for the goodwill.

The recoverable amount of the CGU in respect of the goodwill was determined based on VIU calculations. Cash flow projections used in these calculations were based on financial budgets approved by the management covering a five (5) years period (financial years 2022 to 2026).

Key assumptions used in the VIU calculations for the goodwill impairment assessment is as follows:

	2021	2020
Gross margin	61%	63%
Discount rate (pre-tax)	7%	7%

9 INVENTORIES

	Group	
	2021	2020
	A\$	A\$
At cost:		
Biotech products (finished goods)	1,434	1,507
Packaging material	<u>6,661</u>	<u>10,263</u>
	<u>8,095</u>	<u>11,770</u>
Inventories recognised as cost of sales in statement of comprehensive income	<u>149,407</u>	<u>158,570</u>

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2021	2020
	A\$	A\$
Other receivables	362,108	391,280
Deposits	336	696
Prepayments	2,613	2,249
	<u>365,057</u>	<u>394,225</u>

Other receivable of A\$361,711 (2020: A\$390,560) is owing by a company controlled by three Directors of the Company.

11 SHARE CAPITAL

Issued and Paid-up: Number of ordinary shares (units)	Group		Company	
	2021	2020	2021	2020
At beginning of the year	52,343,270	106,823,000	52,343,270	106,823,000
Capital reduction	-	(54,479,730)	-	(54,479,730)
At end of the year	<u>52,343,270</u>	<u>52,343,270</u>	<u>52,343,270</u>	<u>52,343,270</u>
(A\$)				
At beginning of the year	338,781	691,390	338,781	691,390
Capital reduction	-	(352,609)	-	(352,609)
At end of the year	<u>338,781</u>	<u>338,781</u>	<u>338,781</u>	<u>338,781</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

12 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from translation of the financial statements of the Company and foreign operations with different functional currencies from that of the Group's presentation currency.

13 FINANCE LEASE PAYABLE

	Group	
	2021	2020
	A\$	A\$
Finance lease payable	16,734	22,460
Less: Interest in suspense	(1,083)	(1,826)
	<u>15,651</u>	<u>20,634</u>
 Total principal sums payable		
- within 1 year	5,291	4,028
- more than 1 year but not later than 5 years	10,360	16,606
	<u>15,651</u>	<u>20,634</u>

The Group obtains finance lease facilities to finance acquisition of certain motor vehicles. The average remaining lease term is 3 years as at 30 June 2021. Implicit interest rates of the finance lease range from 2.64%-2.66% (2020: 2.64%-2.66%) are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period. The Group has the option to purchase the assets at the end of the agreement with minimum purchase considerations. There is no significant restriction clauses imposed on the hire purchase arrangements.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At	Net changes from	At 30 June
	1 July 2020	financing cash flows	2021
	A\$	A\$	A\$
Group			
Finance lease payable	<u>20,634</u>	<u>(4,983)</u>	<u>15,651</u>

14 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
Other payables	78,542	97,493	27,973	13,932
Accruals	3,465	3,600	1,280	1,970
	<u>82,007</u>	<u>101,093</u>	<u>29,253</u>	<u>15,902</u>

15 AMOUNT OWING TO DIRECTORS

This amount is unsecured, interest free and repayable on demand.

16 AMOUNT OWING TO SUBSIDIARY

This is non-trade amount which is unsecured, interest free and repayable on demand.

17 REVENUE

Revenue of the Group represents sale of goods.

18 LOSS BEFORE TAX

18.1 DISCLOSURE ITEMS

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
This is arrived at after charging:				
Auditors' remuneration				
- current year	3,505	3,755	1,298	2,055
- under provision in prior year	1,266	992	1,266	992
Amortisation of intangible asset	30,183	32,947	30,183	32,947
Depreciation of property, plant and equipment	9,924	12,315	-	-
Directors' remuneration				
- Fees	1,623	6,377	1,623	6,377
- Salaries	55,265	97,157	8,427	34,290
- Defined contribution plan	4,012	6,057	741	2,138
Finance lease interest	647	996	-	-
Loss on foreign exchange	269	472	269	472
Preliminary expenses	734	-	-	-
Rental of lab	8,169	7,896	-	-
Rental of motor vehicle	243	-	-	-
Rental of premises	-	19,455	-	-
and crediting:				
Gain on foreign exchange (realised)	(2)	(17)	-	-
Rental income	(267)	(234)	-	-
Wage subsidy income	(7,984)	-	-	-
Waiver of debts	-	(13,718)	-	-

18.2 EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
Salaries, wages and bonus	99,925	175,067	10,050	40,667
Defined contribution plan	9,613	15,702	741	2,138
Others	834	1,244	-	-
	<u>110,372</u>	<u>192,013</u>	<u>10,791</u>	<u>42,805</u>

The number of employees of the Group and the Company as at 30 June 2021 is 7 including 2 Directors of the Company.

19 INCOME TAX EXPENSE

No provision has been made for tax of the Company as it is registered in the British Virgin Islands and is exempt from tax. Income tax for the Group's Malaysia operations has been provided at the rate of 24% on the estimated assessable profit derived from Malaysia.

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
Loss before tax	<u>(78,886)</u>	<u>(155,389)</u>	<u>(69,376)</u>	<u>(114,396)</u>
At Malaysian tax rate 24%	(18,933)	(37,293)	(16,650)	(27,455)
Tax effect of expenses not deductible for tax purposes	7,120	10,680	6,199	9,960
Tax exempted loss	10,451	17,495	10,451	17,495
Deferred tax asset not recognised during the year	<u>1,362</u>	<u>9,118</u>	<u>-</u>	<u>-</u>
Tax charge	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group disclosed the corporate income tax rate applicable in the jurisdiction in which the principal subsidiary domiciled which is in Malaysia.

The deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
Unabsorbed tax losses	<u>1,362</u>	<u>9,118</u>	<u>-</u>	<u>-</u>

20 LOSS PER ORDINARY SHARE

20.1 BASIC EARNINGS PER ORDINARY SHARE

The basic loss per ordinary share is calculated by dividing the Group's loss attributable to owners of the Company of A\$74,035 (2020: A\$134,483) by the weighted average number of ordinary shares outstanding of 52,343,270 (2020: 52,343,270).

20.2 DILUTED EARNING PER ORDINARY SHARE

The diluted loss per ordinary share is the same as the basic loss per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current and prior financial years.

21 OPERATING SEGMENT

Segmental reporting is not presented as the Group is principally engaged in research, development and commercialisation of food and agriculture related technologies, which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

22 RELATED PARTY DISCLOSURES

22.1 IDENTIFYING RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors of the Company.

22.2 SIGNIFICANT RELATED PARTY TRANSACTION

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 10 and 16, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	A\$	A\$	A\$	A\$
Net advances from Directors	24,114	84,476	-	-
Net (repayment from)/advances to a company controlled by two Directors of the Company	(28,849)	10,501	-	-
Net advances from subsidiary	-	-	2,492	68,021

22.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Compensation of key management personnel is Directors' remuneration which is disclosed in Note 18.

23 FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- a) Loans and receivables ("LR"); and
- b) Financial liabilities measured at amortised cost ("OL")

Group	Carrying Amount	LR/(OL)
2021	A\$	A\$
Financial Assets		
Trade receivables	20,004	20,004
Other receivables and deposits	362,444	362,444
Cash and bank balances	7,354	7,354
	<u>389,802</u>	<u>389,802</u>
Financial Liabilities		
Trade payables	(35,609)	(35,609)
Other payables and accruals	(82,007)	(82,007)
Amount owing to Directors	(514,237)	(514,237)
Finance lease payables	(15,651)	(15,651)
	<u>(647,504)</u>	<u>(647,504)</u>
2020		
Financial Assets		
Trade receivables	28,760	28,760
Other receivables and deposits	391,976	391,976
Cash and bank balances	551	551
	<u>421,287</u>	<u>421,287</u>
Financial Liabilities		
Trade payables	(45,101)	(45,101)
Other payables and accruals	(101,093)	(101,093)
Amount owing to Directors	(490,123)	(490,123)
Finance lease payables	(20,634)	(20,634)
	<u>(656,951)</u>	<u>(656,951)</u>

	Carrying Amount A\$	LR/(OL) A\$
Company		
2021		
Financial Assets		
Cash and bank balances	<u>67</u>	<u>67</u>
Financial Liabilities		
Other payables and accruals	(29,253)	(29,253)
Amount owing to subsidiary	<u>(382,616)</u>	<u>(382,616)</u>
	<u>(411,869)</u>	<u>(411,869)</u>
2020		
Financial Assets		
Cash and bank balances	<u>97</u>	<u>97</u>
Financial Liabilities		
Other payables	(15,902)	(15,902)
Amount owing to subsidiary	<u>(380,124)</u>	<u>(380,124)</u>
	<u>(396,026)</u>	<u>(396,026)</u>

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

24.1 CREDIT RISK

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, advances to related parties and deposits with licensed bank.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	2021 A\$	2020 A\$
Not past due	2,864	9,088
Past due 30 – 60 days	-	2,518
Past due 61 – 120 days	-	866
Past due more than 120 days	17,140	16,288
	<u>20,004</u>	<u>28,760</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Company.

As at 30 June 2021, trade receivables of A\$17,140 (2020: A\$19,672) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

24.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and finance lease payables.

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

	Carrying amount A\$	Contractual cash flows A\$	On demand or within a year A\$
Group			
2021			
Financial liabilities			
Trade payables	35,609	35,609	35,609
Other payables and accruals	82,007	82,007	82,007
Finance lease payables	15,651	16,299	16,299
	<u>133,267</u>	<u>133,915</u>	<u>133,915</u>
2020			
Financial liabilities			
Trade payables	45,101	45,101	45,101
Other payables and accruals	101,093	101,093	101,093
Finance lease payables	20,634	21,630	21,630
	<u>166,828</u>	<u>167,824</u>	<u>167,824</u>

24.3 INTEREST RATE RISK

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2021	2020
	A\$	A\$
Fixed rate instruments		
<i>Financial liability</i>		
Finance lease payables	<u>(15,651)</u>	<u>(20,634)</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect statement of comprehensive income.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of receivables and payables, cash and cash equivalents and financial lease payables approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

26 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital using a debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio. The debt-to-equity ratio at end of the reporting period are as follows:

	Group	
	2021	2020
	A\$	A\$
Total loans and borrowings	15,651	20,634
Less: Cash and bank balances	(7,354)	(551)
Net debt	8,297	20,083
Total equity	5,409	88,258
Debt-to-equity ratio	1.53	0.23

There were no changes in the Group's approach to capital management during the financial year.

27 SIGNIFICANT EVENTS DURING THE YEAR

a) Effect of outbreak of coronavirus pandemic

When preparing the financial statements, Directors undertake a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by Directors, and will seldom equal the estimated results.

As at the date of this report, the financial impact of the COVID-19 outbreak to the Group cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's financial performance and financial position.

- b) The subsidiary of the Company, Virgin Greens X Sdn. Bhd. ("VGXM") incorporated a new subsidiary, MG Agriworks Sdn. Bhd. ("MGA") in Malaysia on 24 September 2020. VGXM holds 100% of the total number of issued shares of MGA. The principal activity of MGA is engaged in application of biotechnology in agriculture with its business activities covering production and distribution of sustainable products for plant nutrition, growth and protection.

28 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 9 September 2021.

Company No.: ARBN 612834572

VGX LIMITED
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	A\$	A\$
REVENUE	-	-
COST OF SALES	-	-
GROSS PROFIT	-	-
LESS: OPERATING EXPENSES	(69,376)	(114,396)
LOSS BEFORE TAX	(69,376)	(114,396)

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

Company No.: ARBN 612834572

VGX LIMITED

(Incorporated in Malaysia)

OPERATING EXPENSES

FOR THE YEAR ENDED 30 JUNE 2021

	2021 A\$	2020 A\$
ADMINISTRATION EXPENSES		
Audit fee		
- current year	1,298	2,055
- under provision in prior year	1,266	992
Bank charges	10	1
Consultant fees	-	2,657
Directors' fees	1,623	6,377
Directors' remuneration	9,168	36,428
License and registration fees	4,199	9,126
Listing fees	13,699	14,670
Loss on foreign exchange	269	472
Printing and stationery	167	189
Professional fees	7,252	8,273
Service tax	189	145
Telephone charges	21	41
Travelling expenses	32	23
	<u>39,193</u>	<u>81,449</u>
OTHER OPERATING EXPENSES		
Amortisation of intangible assets	<u>30,183</u>	<u>32,947</u>
	<u><u>69,376</u></u>	<u><u>114,396</u></u>

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.