VIP Gloves Limited

ABN 83 057 884 876

Annual Report - 30 June 2023

VIP Gloves Limited
Corporate directory
30 June 2023

Directors	Chin Kar YANG – Managing Director Kay Wen CHEN - Executive Director Alfonso Hin Ming CHU - Non-Executive Director, Independent Gang ZHOU - Non-Executive Director, Independent Hui ZHOU - Non-Executive Director, Independent
Company secretary	Mark William MAINE
Registered office	C/- Accosec & Associates Level 26 360 Collins Street Melbourne VIC 3000 Australia
Principal place of business	No. 17 Jalan Perusahaan 1, Kawasan Perusahaan, Beranang 43700 Beranang, Selangor Darul Ehsan Malaysia
Share register	Boardroom Limited Level 8, 210 George Street Sydney NSW 2000 Investor phone number: (Australia) 1300 737 760 Investor phone number: (Overseas) +61 (0) 2 9290 9600
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Bankers	Westpac Banking Corporation Ltd, Melbourne, Australia Hong Leong Bank, Kuala Lumpur, Malaysia
Stock exchange listing	VIP Gloves Limited shares are listed on the Australian Securities Exchange (ASX code: VIP) VIP securities have been suspended from trading since 7 February 2023
Website	www.vipglove.com.my

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 2023.

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:

Chin Kar YANG - Managing Director
Kay Wen CHEN - Executive Director
Alfonso Hin Ming CHU - Non-Executive Director, Independent *(appointed 1 August 2023)*
Gang ZHOU - Non-Executive Director, Independent *(appointed 1 August 2023)*
Hui ZHOU - Non-Executive Director, Independent *(appointed 1 August 2023)*
How Weng CHANG - Non-Executive Director, Independent *(resigned 1 April 2023)*
Peter Yee Ming NG - Non-Executive Director, Independent *(resigned 13 February 2023)*
Joanne KING - Non-Executive Director, Independent *(resigned 20 February 2023)*
Dr Kai Fatt WONG - Non-Executive Chairman, Independent *(resigned 23 February 2024)*

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”). It was also engaged in trading activities, involving sourcing of nitrile glove products from third party manufacturers for the Company’s customers.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Final dividend for the year ended 30 June 2021 of 0.05 cents ($0.0005) per ordinary share	-	346,856

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

Review of operations

Revenue for the financial year decreased to $1,743,030 from $10,597,008 during the financial year ended 30 June 2023 due to the temporary cessation of glove manufacturing operations since December 2022. Management took a bold move to suspend its manufacturing facility due to challenging business environment brought forth by massive increases in global nitrile gloves production capacity.

As a result of the closure of plant, direct costs have reduced to $3,534,256 (30 June 2022: $15,641,785). The loss for the consolidated entity after providing for income tax amounted to $13,449,239 (30 June 2022: $7,376,930).

During the financial year, the company successfully disposed its leasehold land and buildings for $5,625,786 (RM17,000,000), and recorded a net gain of $1,273,006 (30 June 2022: nil). The proceeds from disposal were received subsequent to the end of the current financial period and were partially used to retire the company’s long-term loan. The Company also received a refund of over-paid taxation of $2,030,835, hence provided the much-needed cashflow to support operating expenses during the financial year.

At the same time, in-response to softening demand for product and high production costs, the company impaired the value of its plant and equipment to nil resulting in an impairment expense of $10,543,758 (30 June 2022: nil). Inventory, which was carried at $853,669 as at (30 June 2022, was also written off during the financial year to nil, as cost of production was higher than realisable value of stocks based on prevailing market prices.

In the absence of engaging in the manufacturing activity, VIP remained engaged in the nitrile gloves business, via sourcing of nitrile gloves from other suppliers to fulfil its orders. As such it managed to maintain its long-term relationships with existing customers. With this new business model, operating and non-operating expenses were reduced.

Total Trade and other Receivables rose to $2,410,401 (30 June 2022: $59,337), which included $2,340,970 in receivables from the sale of leasehold land & buildings.

Total finance costs incurred during the year was $393,165 ((30 June 2022: $99,947)

The Company, via its appointed legal representatives is continuing its defence for the purported share placement arrangement since 2020. Whilst the High Court had initially allowed the Company's striking out application, the Court of Appeal had allowed the Plaintiff's appeal and the matter has now remitted to Kuala Lumpur High Court for trial. The trial date is fixed on 28 November 2024. The company through its solicitors will vigorously defend against the Plaintiff's claim.

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

On 12 Jan 2023, the Company entered into a Sale and Purchase Agreement for the disposal of its land and building which housed the glove production facility for $5.7 million (MYR17,000,000), which was completed in June the same year. At the same time the Company locked in a lease agreement with the purchaser for the usage of the assets for the production of gloves. This 'sale and lease back' arrangement would help ease the much needed cash inflows to support working capital requirement.

The nitrile glove factory operations were put into voluntary suspension temporarily since December 2022 due to a challenging business environment. Nonetheless, the Company was actively focusing on the business of trading and distribution of nitrile gloves to its existing customers.

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

Subsequent to the end of the financial year ended 30 June 2023, the Company appointed two (2) independent resident directors Mr Gang ZHOU and Mr Hui ZHOU, and another independent director Mr Alfonso CHU on 1 August 2023; while Dr Kai Fatt WONG resigned from the board on 23 February 2024. Mr Mark William MAINE was appointed as Company Secretary with effect from 28 February 2024 to replace Mr. Andrew METCALFE who resigned earlier.

Subsequent to the end of the financial year ended 30 June 2023, the agreement for sale of leasehold land and buildings sold during the year, was completed and the Company received payment.

On 3 May 2024 the Company entered into a Sale and Purchase Agreement for the disposal of a piece of vacant land measuring 13,203 sqm for a cash consideration of approximately $2.65 million (MYR7,952,313). As at 30 June 2023 this vacant land was classified as held for sale. This transaction is earmarked for completion by end 2024.

On 27 July 2023, as the convertible notes were not issued, the Company refunded the convertible notes plus interest to the noteholder.

The legal case initiated by the plaintiff since 2020 is still on-going. The High Court of Malaysia had earlier allowed the Company's striking out application, but the Court of Appeal had allowed the Plaintiff's appeal and therefore the matter has now remitted to Kuala Lumpur High Court. The trial date has been fixed on 28 November 2024.

During the financial year, the Company successfully disposed its leasehold Land and Building for $5.7 million (MYR 17,000,000). The disposal considerations were deposited into our Solicitors' account, and upon deduction of stamp duties, taxation, legal fee and all other relevant expenses, the net proceeds were paid to the Company in stages from May to July 2023.

No other matter or circumstance has arisen since 30 June 2023 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
Directors and management are hopeful for an eventual recovery in the nitrile glove business, as glove inventories held by major distributors and stockists are gradually depleting. The strict US import tariff for glove products from the Republic of China has also reduced Chinese glove products' competitiveness. The Company is monitoring the situation closely and will resume its production operations when condition is favourable to do so. Notwithstanding, the Company is also actively seeking new business opportunities which can provide stable and sustainable growth potential.

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

Industry specific risks	There are still excess of inventory which was heightened during Covid-19 pandemic period. It may take some time for these major distributors and stockists to normalise their stock positions. Therefore, the Company has introduced JIT (Just in time) stock management to avoid high stock holding level.
Competitor risk	Over-capacity, in particular emergence of new production facilities from the People's Republic of China (PRC) during the last few years has resulted in industrial-wise price competition. However, the trade barriers for PRC's products into the North American markets may provide opportunity for other players. The Company is considering the production of higher-grade nitrile gloves such as 4 to 5 gram gloves where competition is less.
Business risk	The anticipated recovery of nitrile glove business worldwide has somewhat taken longer time than expected. The Company plans to find a niche market within the glove sector to mitigate the over-crowded environment to ensure sustainable demand with reasonable margins.
General risks	The ability to manage working capital and cashflow effectively given external industry specific risks. Hence, aggressive cost cutting measures and effective austerity drive are crucial to keep the company afloat.
Going concern risks	The ability to manage cashflow and meet the cost of raw materials from suppliers and collect sales from customers. Collection of partial down-payment, and stringent collection efforts by both the sales and finance departments have improved to ensure no occurrence of bad debt. The forthcoming completion of the disposal of vacant land will provide additional cash inflow to support working capital requirements.

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:	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
Interests in shares:	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
Interests in shares:	59,545,948

Name:	Alfonso Hin Ming CHU
Title:	Non-Executive Director, Independent (appointed 1 August 2023)
Experience and expertise:	Mr Chu has over 40 years' experience in the property industry in Asia-Pacific region. He holds an MBA degree and is a fellow member of both the Royal Institute of Chartered Surveyors and the Chartered Institute of Building of the United Kingdom. Mr Chu is actively engaged in advising high net wealth family office clients as well as public entities, in financing structures and asset and wealth management strategies. He is based in Hong Kong.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil

Name:	Gang ZHOU
Title:	Non-Executive Director, Independent (appointed 1 August 2023)
Experience and expertise:	Mr Zhou is an accountant with significant business experience in Australia and Asia-Pacific region. He has over 40 years' experience in managing business experience in the food and beverage industry and the property industry in the Asia-Pacific region. Mr Zhou is based in Sydney, NSW.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil

Name:	Hui ZHOU
Title:	Non-Executive Director, Independent (appointed 1 August 2023)
Qualifications:	Chartered Financial Analyst (CFA) qualification
Experience and expertise:	Mr Hui Zhou is a director of XS Prime Limited and Odyssey Capital Funds Management Limited which are broking and financial advisory entities based in Sydney providing specialist broking, financial clearing and planning and funds management services to both private and institutional clients. Mr Zhou is based in Sydney, NSW.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	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
Mark Maine (appointed 28 February 2024) is a Senior Company Secretary, accountant, and corporate adviser with over 30 years' experience in corporate administration for Australian listed and unlisted companies. Mr Maine is a CPA and holds a Masters degree of commercial law and an Accounting degree from Curtin University in West Australia.

The previous Company Secretary was Andrew Metcalfe who resigned on 3 May 2023.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Dr Kai Fatt WONG	6	6
Chin Kar YANG	6	6
Kay Wen CHEN	6	6
How Weng CHANG	6	6
Peter Yee Ming NG	4	4
Joanne KING	2	4

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

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

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 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 2023, no remuneration consultants were engaged.

Voting and comments made at the Company's Annual General Meeting ('AGM')
At the 25 November 2022 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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:
- Chin Kar YANG - Managing Director
- Kay Wen CHEN - Executive Director
- Alfonso Hin Ming CHU - Non-Executive Director, Independent (appointed 1 August 2023)
- Gang ZHOU - Non-Executive Director, Independent (appointed 1 August 2023)
- Hui ZHOU - Non-Executive Director, Independent (appointed 1 August 2023)
- How Weng CHANG - Non-Executive Director, Independent (resigned 1 April 2023)
- Peter Yee Ming NG - Non-Executive Director, Independent (resigned 13 February 2023)
- Joanne KING - Non-Executive Director, Independent (resigned 20 February 2023)
- Dr Kai Fatt WONG - Non-Executive Chairman, Independent (resigned 23 February 2024)

VIP Gloves Limited
Directors' report
30 June 2023

And the following persons:
- Andrew METCALFE - Company Secretary (resigned 3 May 2023)
- 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 2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Kai Fatt WONG[1]	54,000	-	-	-	-	-	54,000
Peter Yee Ming NG[2]	32,000	-	-	-	-	-	32,000
How Weng CHANG[3]	40,000	-	-	-	-	-	40,000
Joanne KING[4]	31,000	-	-	-	-	-	31,000
Executive Directors:							
Jimmy YANG	239,303	-	-	28,294	-	-	267,597
Kay Wen CHEN	206,830	-	-	24,522	-	-	231,352
Other Key Management Personnel:							
Andrew METCALFE [6]	55,932	-	-	-	-	-	55,932
Kay Shing CHEN [7]	25,764	-	-	2,828	-	-	28,592
Ee Theng CHEN [7]	16,679	-	-	1,835	-	-	18,514
Kai Wei CHEN [7,8]	8,439	-	-	928	-	-	9,367
Wilson Ow	31,769	-	-	-	-	-	31,769
Kelvin Wong	74,657	-	-	8,959	-	-	83,616
	816,373	-	-	67,366	-	-	883,739

[1] *Resigned on 23 February 2024*

[2] *Resigned on 13 February 2023*

[3] *Resigned on 1 April 2023*

[4] *Resigned 20 February 2023*

[5] *Alfonso Hin Ming CHU, Gang ZHOU and Hui ZHOU were appointed as directors post year end so no remuneration details for the year ended 30 June 23.*

[6] *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.*

[7] *Related to Executive Director, Kay Wen CHEN.*

[8] *Resigned on 16 February 2023.*

30 June 2022	Short-term benefits Cash salary and fees $	Cash bonus $	Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments 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:							
Jimmy YANG	300,000	-	-	35,000	-	198,740	533,740
Kay Wen CHEN	260,000	-	-	31,120	-	12,322	303,442
Other Key Management Personnel:							
Andrew METCALFE [1]	71,000	-	-	-	-	-	71,000
Kay Shing CHEN [2]	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
Ruey Shen OW	33,227	-	-	-	-	-	33,227
Kah Wai WONG	80,000	-	-	9,600	-	-	89,600
	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.*

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

Name	Fixed remuneration 30 June 2023	Fixed remuneration 30 June 2022	At risk - STI 30 June 2023	At risk - STI 30 June 2022	At risk - LTI 30 June 2023	At risk - LTI 30 June 2022
Non-Executive Directors:						
Kai Fatt WONG	100%	50%	-	-	-	50%
How Weng CHANG	100%	45%	-	-	-	55%
Peter Yee Ming NG	100%	100%	-	-	-	-
Joanne KING	100%	100%	-	-	-	-
Chee Cheong LOW	100%	100%	-	-	-	-
Executive Directors:						
Jimmy YANG	100%	63%	-	-	-	37%
Kay Wen CHEN	100%	96%	-	-	-	4%
Other Key Management Personnel:						
Andrew METCALFE	100%	100%	-	-	-	-
Kay Shing CHEN	100%	87%	-	-	-	13%
Ee Theng CHEN	100%	75%	-	-	-	25%
Kai Wei CHEN	100%	100%	-	-	-	-
Wilson OW	100%	100%	-	-	-	-
Kevin 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 p.a., adjusted to $225,000 p.a. with effect from 1 Sept 2022.

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 p.a., adjusted to $195,000 p.a. with effect from 1 Sept 2022

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 2023 of $32,000.

Name:	Andrew METCALFE
Title:	Company Secretary (Resigned 3 May 2023)
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable
Details:	Consultancy fee for the year ended 3 May 2023 of $55,932

Name:	Mark William MAINE
Title:	Company Secretary (Appointed 28 February 2024）
Agreement commenced:	28 February 2024
Term of agreement:	Not applicable
Details:	Consultancy fee of $4,000 per month

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 2023.

Options
There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

On 3 March 2023 all options issued to key management personnel were cancelled by agreement between the Company and the option holders. These options had fully vested in the prior year.

Performance rights
There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

On 3 March 2023 all performance rights were cancelled by agreement between the Company and the performance rights holders. These performance rights had fully vested in the prior year.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Revenue	1,743,030	10,597,008	48,123,312	13,696,465	11,691,611
Profit/(Loss) before income tax	(13,427,641)	(8,592,813)	8,870,445	(279,580)	(4,797,309)
Profit/(Loss) after income tax	(13,449,239)	(7,376,930)	4,717,409	116,056	(4,797,309)

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

	2023 *	2022	2021	2020	2019
Share price at financial year end ($)	0.003	0.010	0.050	0.030	0.040
Basic earnings per share (cents per share)	(1.709)	(0.937)	0.620	0.020	(1.040)

* *Share price of $0.003 prior to suspension from quotation on 7 February 2023.*

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	3,080,000	-	-	-	3,080,000
Chin Kar YANG	12,500,000	-	-	-	12,500,000
How Weng CHANG *	7,111,320	-	-	(7,111,320)	-
Peter Yee Ming NG *	273,600	-	-	(273,600)	-
Andrew METCALFE *	2,052,025	-	-	(2,052,025)	-
Kay Wen CHEN**	895,000	-	58,650,948	-	59,545,948
	25,911,945	-	58,650,948	(9,436,945)	75,125,948

* Resigned during the reporting period

** The large increase in Kay Wen's shareholding was due to an off-market transfer from the estate of the late Wee Min Chen following the granting of probate.

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	Cancelled	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)	-
	17,500,000	-	-	(17,500,000)	-

* *Options were cancelled during the reporting period.*

** *Resigned during the reporting period.*

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	Cancelled	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)	-

* *Performance Rights were cancelled during the reporting period.*
** *Resigned during the reporting period.*

Other transactions with key management personnel and their related parties
As at 30 June 2023, there are no loans outstanding between key management personnel and the consolidated entity as reported in note 20 to the financial statements. Except for these transactions, there are no other transactions with key management personnel and their related parties during the year ended 30 June 2023 .

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of VIP Gloves Limited under option outstanding at the date of this report.

Shares under performance rights
There were no unissued ordinary shares of VIP Gloves Limited under performance rights outstanding at the date of this report.

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 2023 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 2023 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 18 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 $1,250.

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 Audit (Vic) Pty Ltd
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

____
Chin Kar Yang
Director

30 September 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of VIP Gloves Limited

As lead auditor for the audit of VIP Gloves Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of VIP Gloves Limited and the entities it controlled during the year.

William Buck

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

N. S. Benbow
Director
Melbourne, 30 September 2024

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com.au

VIP Gloves Limited
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30 June 2023

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 2024. 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 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Revenue			
Revenue	4	1,743,030	10,597,008
Cost of goods sold		(3,534,256)	(15,641,785)
Gross (loss)/profit		(1,791,226)	(5,044,777)
Other income		39,650	231,209
Interest revenue		15	273
Net gain on disposal of property, plant and equipment	5	1,273,006	-
Expenses			
Employee benefits expense	6	(897,415)	(1,180,309)
Impairment of property, plant & equipment	6	(10,543,758)	-
Writeback / (Impairment) of inventory	6	79,095	(472,729)
Legal and professional fees		(628,858)	(324,062)
Movement in provision for expected credit losses	6	109,655	(471,638)
Administration expenses		(460,205)	(362,132)
Depreciation and amortisation expense	6	(214,435)	(162,346)
Loss on disposal of assets	6	-	(9,205)
Share-based payments		-	(697,150)
Finance costs	6	(393,165)	(99,947)
Total expenses		(12,949,086)	(3,779,518)
Loss before income tax (expense)/benefit		(13,427,641)	(8,592,813)
Income tax (expense)/benefit		(21,598)	1,215,883
Loss after income tax (expense)/benefit for the year		(13,449,239)	(7,376,930)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		35,826	481,779
Other comprehensive income for the year, net of tax		35,826	481,779
Total comprehensive income for the year		(13,413,413)	(6,895,151)
		Cents	**Cents**
Basic loss per share	25	(1.709)	(0.937)
Diluted loss per share	25	(1.709)	(0.937)

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 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents		452,891	15,884
Trade and other receivables	7	2,410,401	59,337
Inventories	8	-	853,669
Deposits with suppliers		704,856	842,115
Income tax refund due		149,615	2,180,450
Prepayments		214,690	110,241
		3,932,453	4,061,696
Non-current assets classified as held for sale	10	2,563,443	-
Total current assets		6,495,896	4,061,696
Non-current assets			
Property, plant and equipment	11	298,268	17,090,275
Right-of-use assets	9	600,099	-
Total non-current assets		898,367	17,090,275
Total assets		7,394,263	21,151,971
Liabilities			
Current liabilities			
Trade and other payables	12	4,238,256	3,873,817
Prepayments for sales from customers for nitrile gloves		306,722	531,480
Other financial liabilities	13	657,806	1,624,045
Lease liabilities	14	406,505	-
Income tax		-	514,150
Total current liabilities		5,609,289	6,543,492
Non-current liabilities			
Other financial liabilities	13	1,254,468	1,437,526
Lease liabilities	14	772,966	-
Total non-current liabilities		2,027,434	1,437,526
Total liabilities		7,636,723	7,981,018
Net assets/(liabilities)		(242,460)	13,170,953
Equity			
Issued capital	15	21,669,410	21,669,410
Reserves		(1,089,725)	3,240,214
Accumulated losses		(20,822,145)	(11,738,671)
Total equity/(deficiency)		(242,460)	13,170,953

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 2023

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	54,000	643,150	-	-	697,150
Transfer of cancelled share-based payments	-	(571,365)	-	571,365	-
Dividends paid	-	-	-	(346,856)	(346,856)
Balance at 30 June 2022	21,669,410	4,365,765	(1,125,551)	(11,738,671)	13,170,953

Consolidated	Issued capital $	Share-based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2022	21,669,410	4,365,765	(1,125,551)	(11,738,671)	13,170,953
Loss after income tax expense for the year	-	-	-	(13,449,239)	(13,449,239)
Other comprehensive income for the year, net of tax	-	-	35,826	-	35,826
Total comprehensive income for the year	-	-	35,826	(13,449,239)	(13,413,413)
Transactions with owners in their capacity as owners:					
Cancellation of options and performance rights	-	(4,365,765)	-	4,365,765	-
Balance at 30 June 2023	21,669,410	-	(1,089,725)	(20,822,145)	(242,460)

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 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Cash flows from operating activities			
Receipts from customers		2,682,353	11,478,394
Payments to suppliers and employees		(3,394,769)	(10,760,110)
		(712,416)	718,284
Interest received		15	273
Interest and other finance costs paid		(393,165)	(99,947)
Income tax refunded		2,030,835	-
Income taxes paid		(535,748)	(1,474,641)
Net cash from/(used in) operating activities	24	389,521	(856,031)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(18,043)	(460,540)
Proceeds from disposal of property, plant and equipment		-	2,279
Net cash used in investing activities		(18,043)	(458,261)
Cash flows from financing activities			
Proceeds from deposit for convertible notes not yet issued		-	98,837
Proceeds from borrowings		1,962,407	-
Dividends paid		-	(346,856)
Repayment of borrowings and term loan		(1,770,191)	(157,958)
Payment of lease liabilities		(97,863)	-
Proceeds from / (repayment) of borrowings from related parties	20	24,469	15,232
Net cash from/(used in) financing activities		118,822	(390,745)
Net increase/(decrease) in cash and cash equivalents		490,300	(1,705,037)
Cash and cash equivalents at the beginning of the financial year		15,884	1,691,921
Effects of exchange rate changes on cash and cash equivalents		(53,293)	29,000
Cash and cash equivalents at the end of the financial year		452,891	15,884

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

Note 1. Material accounting policy information

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.

The consolidated entity has also early adopted the amendments to AASB 101 with respect to Material Accounting Policy information.

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 of $13,449,239 and had net cash inflows from operating activities of $389,521 for the year ended 30 June 2023. As at that date, the consolidated entity had net current assets of $886,607.

These conditions above indicate that a material uncertainty exists that may cast significant doubt about the consolidated 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 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 consolidated entity has initiated a cost reduction process, which has seen its monthly cash outflows substantially reduce in the period from 30 June 2023 through to today’s date;
- Since 30 June 2023 the consolidated entity has sharply reduced its cost of corporate overheads. As at the date of signing this report, the directors and management have written to the company of their intention to not call upon amounts owing or contractually entitled to them for the foreseeable future until such point in time that such a payment does not jeopardise the consolidated entity’s reserve of working capital;
- In February 2023 the consolidated entity completed a sale and leaseback transaction, which netted in approximately MYR 17m which was used to retire its current borrowing arrangements subsequent to year end;
- The consolidated entity announced in March 2023 a proposed sale of land adjoining its production premises. This sale contract is expected to close in the coming months and will net in approximately $AUD 2.6m; and
- Finally, as an ASX-listed entity, the directors may seek to raise capital from existing and new shareholders.

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.

Large shareholder groups and a related party have written to the Company advising of their ability and intention, if needs be, to provide financial support for a period of at least 16 months from the date of this report.

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.

Note 1. Material accounting policy information (continued)

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 21.

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.

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

Buildings and improvements	50 years
Plant and equipment	10 years

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

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

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

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

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

Buildings	3 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.

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.

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. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation 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 property, plant and equipment
The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The consolidated entity engaged an independent accredited valuation firm to undertake a fair value assessment of land and buildings, and a separate independent assessment to value the plant and equipment.

The independent assessment of land and property returned values greater than the values currently reported in the consolidated entity’s statement of financial position, and no impairment of land and property was required.

The fair value of plant and equipment was assessed on under a discounted cashflow model and fully impaired in the current financial period. The directors have assessed that no reasonable change has occurred in any of the inputs to the discounted cashflow model.

Refer note 11 'Property, plant and equipment'.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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.

Consolidated - 30 June 2023	Malaysia $	Australia $	elimination / unallocated $	Total $
Revenue				
Sales to external customers	1,743,030	-	-	1,743,030
Interest revenue	14	1	-	15
Total revenue	1,743,044	1	-	1,743,045
EBITDA*	(11,909,781)	(10,463,827)	10,216,261	(12,157,347)
Depreciation and amortisation	(877,144)	-	-	(877,144)
Interest revenue	15	-	-	15
Finance costs	(393,165)	-	-	(393,165)
Profit/(loss) before income tax expense	(13,180,075)	(10,463,827)	10,216,261	(13,427,641)
Income tax expense				(21,598)
Loss after income tax expense				(13,449,239)
Assets				
Segment assets	7,392,445	2,677,097	(2,675,279)	7,394,263
Total assets				7,394,263
Liabilities				
Segment liabilities	9,995,039	316,963	(2,675,279)	7,636,723
Total liabilities				7,636,723

* The EBITDA calculation includes an impairment recognised in Malaysia of $10,543,758.

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	(7,455,488)	(1,137,325)	-	(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

Note 4. Revenue

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

	Consolidated	
	30 June 2023 $	**30 June 2022 $**
Major product lines		
Nitrile gloves – VIP Glove Sdn Bhd	481,582	10,597,008
Trading activity - nitrile gloves sourced from third party manufacturers	1,261,448	-
	1,743,030	10,597,008

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 30 June 2023 %	Consolidated 30 June 2022 %
Customer #1	18%	27%
Customer #2	14%	13%
Customer #3	14%	11%
Customer #4	12%	11%

Note 5. Net gain on disposal of property, plant and equipment

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Net gain on disposal of property, plant and equipment	1,273,006	-

Reconciliation of Net gain on disposal of property, plant and equipment

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Proceeds on sale of factory land & building	5,625,786	-
Written down value of Leasehold land - right of use, at time of sale	(2,883,301)	-
Commission	(506,321)	-
Property sale tax adjustment	(269,400)	-
Net impact of right of use asset and lease liability recognised due to legacy sale and leaseback arrangement	(693,758)	-
	1,273,006	-

The proceeds on sale of factory land and buildings were applied as follows:

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Total Proceeds	5,625,786	-
Retirement of debt	(631,810)	-
Retirement of trade payables	(219,863)	-
Reduction against deposit received	(1,350,773)	-
Expenses paid via net settlement:		
- Commissions	(506,321)	-
- Real Property tax (partly)	(168,774)	-
- Legal fees	(150,764)	-
- Stamping fees	(3,816)	-
- Quit and rent assessment	(17,637)	-
Exchange differences	(235,058)	-
Amount receivable as at 30 June 2023 - refer note 7 'Trade and other receivables'	2,340,970	-

Note 6. Expenses

	Consolidated	
	30 June 2023 $	30 June 2022 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Motor vehicles	50,018	49,437
Office equipment	13,084	13,452
Leasehold buildings	9,819	16,084
Land right-of-use assets	141,514	83,373
Total depreciation	214,435	162,346
Depreciation included in cost of goods sold		
Plant and equipment	662,709	1,461,674
Total depreciation and amortisation	877,144	1,624,020
Provision for impairment		
(Writeback) / Impairment of inventories	(79,095)	472,729
Movement in Provision for expected credit losses	(109,655)	471,638
Impairment of property, plant and equipment	10,543,758	-
Total impairment	10,355,008	944,367
General and administrative expenses		
Employee wages and related costs	246,723	332,793
Directors fees	650,692	847,516
Auditors fees	44,452	67,845
Other administration expenses	460,205	362,132
Total general and administrative expenses	1,402,072	1,610,286
Share-based payments - equity based performance bonus granted to senior management, directors and key management personnel		
Shares	-	54,000
Options	-	7,181
Performance rights	-	635,969
Total Share-based payment expenses	-	697,150
Finance costs		
Interest and finance charges paid/payable on borrowings	329,263	99,947
Interest and finance charges paid/payable on lease liabilities	63,902	-
Finance costs expensed	393,165	99,947
Net loss on disposal		
Net loss on disposal of property, plant and equipment	-	(9,205)

Note 7. Trade and other receivables

	Consolidated 30 June 2023 $	30 June 2022 $
Current assets		
Trade receivables	507,894	702,153
Less: Allowance for expected credit losses	(506,282)	(699,324)
	1,612	2,829
Receivable from sale of leasehold land & buildings*	2,340,970	-
Other receivables	67,819	56,508
	2,410,401	59,337

* The receivable from sale of land and buildings was subsequently collected after the end of the current financial year.

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

Consolidated	Expected credit loss rate 30 June 2023 %	Expected credit loss rate 30 June 2022 %	Carrying amount 30 June 2023 $	Carrying amount 30 June 2022 $	Allowance for expected credit losses 30 June 2023 $	Allowance for expected credit losses 30 June 2022 $
Not overdue	-	-	-	42	-	-
0 to 3 months overdue	-	-	-	976	-	-
3 to 6 months overdue	-	-	-	166	-	-
Over 6 months overdue	99.68%	99.76%	507,894	700,969	506,282	699,324
			507,894	702,153	506,282	699,324

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

	Consolidated 30 June 2023 $	30 June 2022 $
Opening balance	699,324	83,864
Additional allowance recognised during the period	(109,655)	471,638
Adjustment to prior period provisions	-	148,289
Foreign currency translation	(83,387)	(4,467)
Closing balance	506,282	699,324

Note 8. Inventories

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Current assets		
Raw materials	333,545	384,607
Less: Provision for impairment	(333,545)	-
	-	384,607
Work in progress	36,572	34,631
Less: Provision for impairment	(36,572)	-
	-	34,631
Finished goods	20,630	912,533
Less: Provision for impairment	(20,630)	(478,102)
	-	434,431
	-	853,669

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

Note 9. Right-of-use assets

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Non-current assets		
Land and buildings - right-of-use	654,653	-
Less: Accumulated depreciation	(54,554)	-
	600,099	-

Refer to note 14 'Lease liabilities' for details.

Note 10. Non-current assets classified as held for sale

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Current assets		
Land and buildings	2,563,443	-

On 3 May 2024 the Company through its two wholly owned Malaysian subsidiaries entered into a sale and purchase agreement (SPA) for the sale of the vacant land adjoining the existing factory site to Target Precast Industries Sdn Bhd (TPI) (an unrelated Malaysian company) for cash consideration of MYR 7,952,313 (approximately AUD$ 2.65 million). This transaction is earmarked for completion by end 2024.

Note 11. Property, plant and equipment

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Non-current assets		
Plant and equipment - at cost	13,596,890	13,896,574
Less: Accumulated depreciation	(5,506,966)	(4,944,457)
Less: Impairment	(8,089,924)	(129,850)
	-	8,822,267
Motor vehicles - at cost	244,601	249,992
Less: Accumulated depreciation	(137,641)	(90,880)
	106,960	159,112
Office equipment - at cost	133,488	135,789
Less: Accumulated depreciation	(79,492)	(68,218)
	53,996	67,571
Leasehold buildings	786,601	1,746,305
Less: Accumulated depreciation	(140,198)	(133,512)
Less: Impairment	(509,091)	-
	137,312	1,612,793
Capital works in progress	1,762,353	1,786,676
Less: Impairment	(1,762,353)	-
	-	1,786,676
Leasehold land - right-of-use	-	5,270,497
Less: Accumulated depreciation	-	(628,641)
	-	4,641,856
	298,268	17,090,275

Note 11. Property, plant and equipment (continued)

(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 $	Leasehold land - right-of-use* $	Total $
Balance at 1 July 2021	1,610,111	9,980,135	74,862	203,317	1,339,660	4,569,032	17,777,117
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	156,197	488,154
Depreciation expense	(16,084)	(1,461,675)	(13,452)	(49,436)	-	(83,373)	(1,624,020)
Balance at 30 June 2022	1,612,793	8,822,266	67,571	159,113	1,786,676	4,641,856	17,090,275
Additions	2,813	-	645	-	14,585	-	18,043
Classified as held for sale (note 10)	-	-	-	-	-	(2,563,443)	(2,563,443)
Disposals	(936,861)	-	-	-	-	(1,946,373)	(2,883,234)
Exchange differences	(8,977)	15,224	(1,136)	(2,135)	7,940	(7,941)	2,975
Impairment of assets	(522,637)	(8,174,781)	-	-	(1,809,201)	(37,139)	(10,543,758)
Depreciation expense	(9,819)	(662,709)	(13,084)	(50,018)	-	(86,960)	(822,590)
Balance at 30 June 2023	137,312	-	53,996	106,960	-	-	298,268

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

As management considers there to be only one operating segment, the impairment assessment that was performed during the year has been based on this one cash generating unit (CGU), with the exception of leasehold land right of use and leasehold buildings which were assessed separately.

Subsequent to 30 June 23, a sales purchase agreement was signed with respect to vacant land adjoining the existing factory site (Lot 15) resulting in the reclassification of this to non-current assets held for sale. An impairment charged was recognised upon reclassification which represents the difference between the carrying value and the sales price per the sales purchase agreement.

As of 30 June 2023, the Group recognized an impairment loss of AUD $10,543,758 related to its Malaysian subsidiary's property, plant, and equipment. This was due to temporarily shut down of production, hence a prudent practice is to write down the assets. The recoverable amount was determined based on the value in use, using a pre-tax discount rate of 20% and a growth rate of 2.5%. These rates reflect the risks specific to the Malaysian market and the subsidiary's business model. A sensitivity analysis indicated that a 1% increase in the discount rate would reduce the recoverable amount by AUD $2,983. Management believes that the assumptions used are appropriate under the current circumstances, although changes in future market conditions could impact these estimates. There is no reasonable adjustment to any of the inputs into the model that could materially impact the impairment outcome.

Note 12. Trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current liabilities		
Trade payables	2,683,275	3,152,860
Other payables and accruals	1,554,981	720,957
	4,238,256	3,873,817

Refer to note 16 for further information on financial risk management.

Note 13. Other financial liabilities

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current liabilities		
Term loans	152,057	155,408
Amounts payable to related parties	43,496	19,027
Other loans	365,547	-
Deposit for convertible notes	96,706	98,837
Deposit received for sale and leaseback transaction	-	1,350,773
	657,806	1,624,045
Non-current liabilities		
Term loans	1,254,468	1,437,526
	1,912,274	3,061,571

Refer to note 16 for further information on financial risk management.

Term loan

The interest-bearing term loan (at BLR 7 + 1.25%) is secured over the Company's leasehold land and buildings, together with joint and several guarantees over the Company and some of its Directors.

Other loans

These non-related party loans are unsecured, subject to interest rate charges of between 0.00% - 1.00% per month, repayable within the next 12 months and have no equity conversion features. The loans remaining at 30 June 2023 are at 0.00% interest.

Convertible notes

The Company planned to place 100,0000 unlisted and unsecured redeemable convertible notes 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. The notes convert at the higher of 2.5 cents per share or the 5-day weighted price of the Company's shares as traded on the ASX.

On 27 July 2023, as the convertible notes were not issued, the Company refunded the convertible notes plus interest to the noteholder.

Note 14. Lease liabilities

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Current liabilities		
Lease liability	406,505	-
Non-current liabilities		
Lease liability	772,966	-
	1,179,471	-

During the current financial period the Company entered into a sale and leaseback agreement for its leasehold land and buildings. The lease commenced on 1 April 2023 with an initial term was 3 years + 3 years (with 10% annual increment in lease payments) and subject to mutual agreement of both parties, a further term of 3 years + 3 years (with 15% annual increment in lease payments).

The value of the right- of- use-asset was reduced by $622,681 due to a gain arising from the sale and leaseback transaction. Refer to note 5 'Net gain on disposal of property, plant and equipment'.

Note 15. Issued capital

	Consolidated 30 June 2023 Shares	Consolidated 30 June 2022 Shares	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Ordinary shares - fully paid	786,781,435	786,781,435	21,669,410	21,669,410

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 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
Balance	30 June 2023	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.

Note 15. Issued capital (continued)

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 2022 Financial Report.

Note 16. Financial risk management

Financial risk management objectives

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

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

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

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Financial Assets		
Cash and cash equivalents	452,891	15,884
Term deposits	704,856	842,115
Trade and other receivables	2,410,401	59,337
Total financial assets	3,568,148	917,336
Financial Liabilities		
Trade and other payables	4,238,256	3,873,817
Other financial liabilities – current	561,100	1,525,208
Other financial liabilities – non-current	1,254,468	1,437,526
Deposit for convertible notes	96,706	98,837
Lease liabilities	1,179,471	-
Other loans	365,547	-
Total financial liabilities	7,695,548	6,935,388

Market risk

Price risk

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

Note 16. Financial risk management (continued)

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

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

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

Financing arrangements
There were no unused borrowing facilities at the reporting date.

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 2023	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	-	4,238,256	-	-	-	4,238,256
Amounts payable to related parties	-	43,496	-	-	-	43,496
Other loans	-	365,547	-	-	-	365,547
Interest-bearing - fixed rate						
Deposit for convertible notes payable	9.00%	96,706	-	-	-	96,706
Term loans	7.00%	152,057	1,254,468	-	-	1,406,525
Lease liabilities	6.00%	406,505	406,505	366,461	-	1,179,471
Total non-derivatives		5,302,567	1,660,973	366,461	-	7,330,001

Note 16. Financial risk management (continued)

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

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 17. 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 2023 $	**30 June 2022 $**
Short-term employee benefits	816,373	1,046,460
Post-employment benefits	67,366	83,032
Share-based payments	-	381,258
	883,739	1,510,750

Note 18. Remuneration of auditors

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

	Consolidated	
	30 June 2023 **$**	**30 June 2022** **$**
Audit services — William Buck		
Audit or review of the financial statements	73,700	52,500
Other services — William Buck		
Tax advisory services	1,250	2,500
	74,950	55,000
Audit services - network firms		
Audit or review of the financial statements	6,452	14,985

Note 19. 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 Court of Appeal had allowed the Plaintiff’s appeal and therefore the matter has now remitted to Kuala Lumpur High Court. The trial date has been fixed on 28 November 2024.

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 20. Related party transactions

Parent entity
VIP Gloves Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 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.

Note 20. Related party transactions (continued)

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 2023	30 June 2022
	$	$
Current payables:		
Trade payables to Directors	58,300	65,336
Accrued Directors fees	343,294	185,841
Amounts payable to Directors	43,496	19,027

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 21. 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 2023	30 June 2022
	$	$
Loss after income tax	(10,463,827)	(1,137,326)
Total comprehensive income	(10,463,827)	(1,137,326)

Statement of financial position

	Parent	
	30 June 2023	30 June 2022
	$	$
Total current assets	1,818	1,323
Total assets	2,676,997	13,115,628
Total current liabilities	316,653	291,457
Total liabilities	316,653	291,457
Equity		
Issued capital	68,373,604	68,373,604
Share-based payments reserve	-	4,365,765
Accumulated losses	(66,013,260)	(59,915,198)
Total equity	2,360,344	12,824,171

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 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 21. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Material accounting policy information
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 22. 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 2023 %**	**30 June 2022 %**
KLE Products Sdn Bhd	Malaysia	100.00%	100.00%
VIP Glove Sdn Bhd	Malaysia	100.00%	100.00%
VIP PPE Pty Ltd	Australia	100.00%	-

Note 23. Events after the reporting period

Subsequent to the end of the financial year ended 30 June 2023, the Company appointed two (2) independent resident directors Mr Gang ZHOU and Mr Hui ZHOU, and another independent director Mr Alfonso CHU on 1 August 2023; while Dr Kai Fatt WONG resigned from the board on 23 February 2024. Mr Mark William MAINE was appointed as Company Secretary with effect from 28 February 2024 to replace Mr. Andrew METCALFE who resigned earlier.

Subsequent to the end of the financial year ended 30 June 2023, the agreement for sale of leasehold land and buildings sold during the year, was completed and the Company received payment.

On 3 May 2024 the Company entered into a Sale and Purchase Agreement for the disposal of a piece of vacant land measuring 13,203 sqm for a cash consideration of approximately $2.65 million (MYR7,952,313). As at 30 June 2023 this vacant land was classified as held for sale. This transaction is earmarked for completion by end 2024.

On 27 July 2023, as the convertible notes were not issued, the Company refunded the convertible notes plus interest to the noteholder.

The legal case initiated by the plaintiff since 2020 is still on-going. The High Court of Malaysia had earlier allowed the Company’s striking out application, but the Court of Appeal had allowed the Plaintiff’s appeal and therefore the matter has now remitted to Kuala Lumpur High Court. The trial date has been fixed on 28 November 2024.

During the financial year, the Company successfully disposed its leasehold Land and Building for $5.7 million (MYR 17,000,000). The disposal considerations were deposited into our Solicitors’ account, and upon deduction of stamp duties, taxation, legal fee and all other relevant expenses, the net proceeds were paid to the Company in stages from May to July 2023.

No other matter or circumstance has arisen since 30 June 2023 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 24. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	30 June 2023 $	30 June 2022 $
Loss after income tax (expense)/benefit for the year	(13,449,239)	(7,376,930)
Adjustments for:		
Depreciation and amortisation	877,144	1,624,020
Impairment of property, plant and equipment	10,543,758	-
Net loss/(gain) on disposal of property, plant and equipment	(1,273,006)	9,205
Share-based payments	-	697,150
Foreign exchange differences	-	15,147
Doubtful debts expense	(109,655)	471,638
Impairment of inventory	(79,095)	472,729
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(10,094)	61,824
Decrease in inventories	853,669	4,617,592
Decrease/(increase) in income tax refund due	2,030,835	(2,180,450)
Decrease/(increase) in other operating assets	32,810	(6,407)
Increase in trade and other payables	1,711,302	876,035
Increase/(decrease) in contract liabilities	(224,758)	373,879
Decrease in provision for income tax	(514,150)	(11,332)
Decrease in deferred tax liabilities	-	(500,131)
Net cash from/(used in) operating activities	389,521	(856,031)

Note 25. Earnings per share

	Consolidated	
	30 June 2023 $	30 June 2022 $
Loss after income tax	(13,449,239)	(7,376,930)
	Cents	Cents
Basic loss per share	(1.709)	(0.937)
Diluted loss per share	(1.709)	(0.937)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	786,781,435	787,230,202
Weighted average number of ordinary shares used in calculating diluted earnings per share	786,781,435	787,230,202

There were no outstanding and options and performance rights at the end of the year given the forfeiture.

VIP Gloves Limited
Directors' declaration
30 June 2023

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 2023 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

Chin Kar Yang
Director

30 September 2024

William Buck
ACCOUNTANTS & ADVISORS

Independent auditor's report to the members of VIP Gloves Limited

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of VIP Gloves Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2023,

— the consolidated statement of profit or loss and other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended,

— notes to the financial statements, including material accounting policy information, and

— the directors' declaration.

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 & 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.

William Buck
ACCOUNTANTS & ADVISORS

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $13,449,239 during the year ended 30 June 2023 and net cash inflows from operating activities of $389,521. As at that date, the Group had current net assets of $886,607. As stated in Note 1, these events or conditions, along with other matters as set forth 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, 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.

Revenue recognition	**Area of focus (refer also to notes 1 & 4)**	**How our audit addressed the key audit matter**
	At 30 June 2023, sales revenue totalled $1,743,030 and prepayments for sales from customers for nitrile gloves were $306,722. During the year, the Group ceased its manufacturing operations and are fulfilling customer orders through the purchase of gloves through third party suppliers as this derives a better gross margin than manufacturing the gloves themselves. 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. 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 included: — 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; — Agreeing a sample of sale transactions during the year to underlying supporting documentation including bills of delivery and banking receipts; and — Examining cut-off of revenues at year-end to ensure that revenues are recognised in the appropriate period, including examining materially large sales orders in the final quarter of the year to examine the bill-in-advance terms. We also assessed the appropriateness of disclosures relating to these items in the financial statements.

Impairment of non-current assets	Area of focus (refer also to notes 1, 6, & 11)	How our audit addressed the key audit matter
	An impairment assessment of a cash generating unit ("CGU") is generally required to be performed when there is an indicator of impairment. During the year ended 30 June 2023 the Company's share price declined in value, which contributed to an erosion of its market capitalisation and therefore an impairment trigger. 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. Management have assessed on the basis of the negative gross margin derived on its plant equipment, that all plant and equipment (including capital works in progress) are impaired. An impairment charge of $10,543,758 to write down the value of the plant and equipment and capital works in progress to nil was recognized. The land and buildings housing the plant and equipment were sold during the year and leased back to the Group by the third party who now owns the land and buildings, and the vacant land has a signed sale and purchase agreement entered into subsequent to year end where the carrying value has been impaired to match the value for which the land is being sold per the agreement in place. Due to the significance of judgements and estimates involved in determining whether the carrying value of the plant and equipment and capital works in progress are impaired, we consider this to be a key audit matter.	Our audit procedures included: — Assessing the reasonableness of the determination of the CGU and the allocation of assets and liabilities to the CGU; — Assessing the appropriateness of the impairment test performed by management; — Examining the competence and objectivity of the independent expert valuer; and — Assessing the impairment charge recognised by management. We also ensured that these matters were completely and accurately disclosed in the financial statements.

Valuation of inventory	**Area of focus** **(refer also to notes 1 & 8)** 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. Further to this, a decision was made by management to temporarily suspend operations at its manufacturing facility due to the challenging business environment brought upon by significant increases in global nitrile gloves production capacities. The Group is required to record its inventory at the lower of cost or net realisable value in accordance with AASB 102 *Inventories*. We considered the following factors that increased the risk of valuation over inventory: — Negative sales margins due to reduced ASPs; — The ceasing of the manufacturing of nitrile gloves during the year; and — Judgement and estimates involved in estimating inventory provisions based on future volume ASPs As at 30 June 2023, the Group fully impaired its inventory to nil. 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.	**How our audit addressed the key audit matter** Our audit procedures included: — Assessing the Group's inventory valuation methodology against the requirements of AASB 102 *Inventories*; — Testing the costing accuracy on a sample basis by reviewing the costing methodology and verifying the actual production costs against inventory items; — Verifying the net realisable value on a sample basis by comparing the inventory item to recent selling prices; and — Performing analytical review procedures and assessing differences from expectations. We also ensured that these matters were completely and accurately disclosed in the financial statements.
Disposal of land and buildings	**Area of focus** **(refer also to notes 5, 7, 10, 11 & 23)** During the year ended 30 June 2023, the sale of Lot 14 and the building built on top of it was sold during the year with a gain on the disposal recognised during the year. The receivable after the settlement of all costs related to the sale, as well as other loans payable to third parties was receipted subsequent 30 June 2023.	**How our audit addressed the key audit matter** Our audit procedures included: — Agreeing the gross receivable from the sale of the land and buildings to the sales and purchase agreement; — Assessing the gain recognised on disposal based on the carrying value of the land and buildings sold; — Assessing the adjustments to the gross receivable for costs related to the sale and other liabilities which

Additionally subsequent to 30 June 2023, a sales and purchase agreement was signed for the sale of Lot 15. The carrying value of Lot 15 has been impaired to match the value for which it is being sold, and this has been classified as a non-current asset held for sale.

Due to the significance of judgments and estimates involved in determining the carrying value of the land and buildings sold during the year, and the value of the land recognised as a non-current asset held for sale, we consider this to be a key audit matter.

are to be settled as part of the sales transaction;

- Agreeing the subsequent receipt of the net receivable from the sales transaction to bank statement;
- Agreeing the amount to be reclassified from the fixed asset register to non-current assets held for sale to the sales and purchase agreement; and
- Assessing the impairment charge to be recognised based on the difference between the carrying value of the land per the fixed asset register and the price for which the land is being sold for.

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 included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 have 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 the financial report 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 auditor’s report.

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of VIP Gloves Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors’ report for the year ended 30 June 2023.

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, 30 September 2024

VIP Gloves Limited
Shareholder information
30 June 2023

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	-	-	-	-
1,001 to 5,000	62	215,695	-	-	-	-
5,001 to 10,000	63	501,442	-	-	-	-
10,001 to 100,000	601	25,851,767	-	-	-	-
100,001 and over	318	760,205,128	-	-	-	-
	1,087	786,781,435	-	-	-	-
Holders of less than a marketable parcel	832	34,972,425	-	-	-	-

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	116,751,783	14.84
MS KAY WEN CHEN	59,545,948	7.57
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>	21,746,406	2.76
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
MR KOK SEONG WONG	5,807,534	0.74
	551,688,340	70.12

VIP Gloves Limited
Shareholder information
30 June 2023

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
MS KAY WEN CHEN	59,545,948	7.57
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.