VIP Gloves Limited

ABN 83 057 884 876

Annual Report - 30 June 2020

VIP Gloves Limited
Corporate directory
30 June 2020

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

VIP Gloves Limited
Directors' report
30 June 2020

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 2020.

Directors

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

Dr Kai Fatt (Joe) Wong - Non-executive Chairman, Independent
Wee Min Chen – Executive Director
Chin Kar Yang – Executive Director
How Weng Chang - Non-executive Director, Independent (appointed 8 August 2019)
Chee Cheong Low – Non-executive Director, Independent (appointed 8 October 2019)
Peter Yee Ming Ng – Non-executive Director, Independent (appointed 24 October 2019)
Michael Higginson – Non-Executive Director, Independent (resigned 5 June 2020)
Wayne Johnson – Non-Executive Director, Independent (resigned 30 September 2019)

Principal activities

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

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to $116,056 (30 June 2019: loss of $4,797,309).

The profit is due to an increase in demand for nitrile gloves, particularly in the 4th quarter of the financial year, and a reversal of impairment of inventory amounting to $290,721 (2019: Impairment was $2,115,570) associated with the Company's former conveyer chain parts manufacturing operations undertaken by KLE Products; and impairment of receivables amounting to $2,814 (2019: $205,902).

The Company expanded its sales network of nitrile gloves to new Asian and Middle Eastern markets and invested working capital on new glove production lines to increase its production capabilities at its manufacturing facilities in Malaysia.

The Company sought new capital for the expansion of its production facilities, with the addition of two new nitrile glove lines that were completed in June 2020 and fully commissioned in July 2020.

The Company entered into a transaction for the sale of its land and buildings in Malaysia for MYR29 million (AUD$10.3 million), and subsequent Leaseback of the said land and buildings in Malaysia. Pursuant to the Sale and Purchase Agreement dated 16 January 2020 (**SPA**), the purchaser of the land and buildings has six (6) months from the date of the SPA to obtain the consent to transfer of the land from the State Authority (**Consent**) and a further 6 months to complete the SPA.

Mr How Weng (Sebastian) Chang, Mr Chee Cheong (David) Low and Mr Peter Yee Ming Ng all joined the Board during the reporting period and Mr Wayne Johnson resigned from the Board on 30 September 2019 and Mr Michael Higginson resigned from the Board on 5 June 2020.

Significant changes in the state of affairs

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

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst there has been no negative financial impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

During the reporting period, the Company raised $3,329,747 from an issue of ordinary shares and converted debts totalling $556,764 to ordinary shares.

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

In July 2020, the two new nitrile glove production lines were commissioned and became fully operational. On 21 July 2020, all conditions precedent under the sale and leaseback transaction were completed. This was followed by the receipt of MYR7 million (AUD$2.49 million) and payment to the Company's bank of MYR5 million (AUD$1.78 million) subsequent to year end to redeem the outstanding mortgage and release of title over the land.

Subsequent to the financial year end, convertible notes amounting to principal of $487,983 plus interest of $67,450 were repaid.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

An increase in revenue from nitrile glove production is expected to continue into FY21 attributable to higher average selling prices (ASP) of gloves, which is expected to remain buoyant in the short to medium term, and continual improvement in operating efficiencies from the current nitrile glove manufacturing operations with the commissioning of the additional nitrile glove production lines.

Environmental regulation

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

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

Information on Directors

Name:	Dr Kai Fatt (Joe) Wong
Title:	Non-executive Chairman, Independent
Experience and expertise:	Dr Wong has a Computer Science B.Sc. Degree and a Doctorate in Pharmacy and Healthcare Administration from the University of Louisiana, USA. After a stint with a large multinational pharmaceutical company, he joined a local stock broking house as an analyst before his appointment as Research Head and Dealing Manager in 1995. In 1997, he joined South Johore Securities SB as Business Development Senior Manager and later Affin - United Overseas Bank Securities in April 1998 as its Senior Vice President. Dr Wong assumed the role of Director at eAssetManagement on July 2002.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	80,000
Interests in options:	Nil
Contractual rights to shares:	None

Name:	Chin Kar Yang
Title:	Executive Director
Experience and expertise:	Mr Yang has extensive manufacturing and property management experience in Malaysia. He is Managing Director of VIP Glove and KLE Products.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Nil
Interests in options:	Nil
Contractual rights to shares:	None

Name:	Wee Min Chen
Title:	Executive Director
Experience and expertise:	Mr Chen is founder of KLE Products Sdn Bhd and has extensive manufacturing experience in Malaysia. He is a Director of VIP Glove and KLE Products.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	46,150,948
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	None

Name:	How Weng Chang
Title:	Non-executive Director, non-independent (appointed 8 August 2019)
Qualifications:	Bachelor of Business Administration (cum laude) majoring in Finance & Banking.
Experience and expertise:	Mr Chang has over 25 years' experience in the regional investment environment in Malaysia, in the areas of stockbroking, corporate finance, fund management and venture capital investments. Mr Chang is CEO of Corporate Advisory & Re-Engineering Services Sdn Bhd, a boutique financial consulting company providing services to clients in the Asian region in the areas of public flotation, mergers and acquisitions, and corporate restructuring. Mr Chang has been educated in Malaysia and USA
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	2,111,320
Interests in options:	Nil

Name:	Chee Cheong Low
Title:	Non-executive Director, independent (appointed 8 October 2019)
Experience and expertise:	Mr Low has more than 20 years of investment banking and corporate advisory experience in Asia and Australia having advised on various mergers and acquisitions, initial public offerings, fund raising (both debt and equity) and during the Asian Financial Crisis, corporate and debt restructuring. He is the founder and director of JCL Capital Pty Ltd, a boutique investment advisory house which is focuses on cross border mergers & acquisitions and fund raising linking between Asia and Australia.
Other current directorships:	Chairman of Ennox Group Limited (ASX: EXO)
Former directorships (last 3 years):	Executive Director of Syngas Ltd (ASX: SYS)
Interests in shares:	180,000
Interests in options:	Nil

Name:	Peter Yee Ming Ng
Title:	Non-executive Director, independent (appointed 24 October 2019)
Experience and expertise:	Mr Ng is an Australian Legal Practitioner and graduate of Monash University, currently practicing law as the principal director of a boutique legal firm in Melbourne, Australia. Prior to entering into legal practice, he was an Associate Director of a private equity investment house specialising in managing and raising the public profiles of small and emerging companies in the mining and renewable energy sector. He also has had experience in managing portfolio investment funds covering listed equities, fixed income securities and real estate investments.
Other current directorships:	Nil
Former directorships (last 3 years):	Non-Executive Director of Syngas Ltd (ASX: SYS)
Interests in shares:	Nil
Interests in options:	Nil

Name:	Wayne Johnson (resigned 30 September 2019)
Title:	Non-Executive Director, Independent
Experience and expertise:	Mr Johnson is experienced in corporate advisory. Mr Johnson has over 30 years business and financial transaction experience in Australia, New Zealand, Asia and North America. He has extensive experience in software and technology, Australian licensed financial services, corporate advisory, corporate governance and compliance as a result of building, managing and directing public and private companies from start up to established public corporations.
Other current directorships:	Cape Range Limited (ASX: CAG) and Republic Capital Management Limited.
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Nil
Interests in options:	Nil
Contractual rights to shares:	None

Name:	Michael Higginson (resigned 5 June 2020)
Title:	Non-Executive Director, Independent
Qualifications:	Bachelor of Business, Edith Cowan University
Experience and expertise:	Mr Higginson is a professional director and company secretary with extensive experience in public company administration, ASX Listing Rules, the Corporations Act, capital raisings, corporate governance, financial reporting and due diligence.
Other current directorships:	Cape Range Limited (ASX: CAG) and SportsHero Limited (ASX: SHO)
Former directorships (last 3 years):	Dampier Gold Limited (ASX: DAU)
Special responsibilities:	None
Interests in shares:	Nil
Interests in options:	Nil
Contractual rights to shares:	None

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

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

Company secretary

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

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Dr Kai Fatt Wong	7	7
Wee Min Chen	7	7
Chin Kar Yang	5	7
How Weng Chang (1)	7	7
Chee Cheong Low (2)	5	5
Peter Yee Ming Ng (3)	4	4
Michael Higginson (4)	5	5
Wayne Johnson (5)	2	2

1 Appointed 8 August 2019
2 Appointed 8 October 2019
3 Appointed 24 October 2019
4 Resigned 5 June 2020
5 Resigned 30 September 2019

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.

The Board have not established sub-committees, hence all matters that would ordinarily be addressed by sub-committees are addressed by the Board.

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

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

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

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

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

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. In the reporting period, non-executive Directors did not receive share options or other incentives as part of fees paid for services provided.

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 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 a single component that forms the executive's total remuneration:
- base pay and non-monetary benefits and other remuneration such as superannuation.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle 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 2020, no remuneration consultants were engaged.

Voting and comments made at the Company's Annual General Meeting ('AGM')
At the 29 November 2019 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. 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:
- Dr Kai Fatt (Joe) Wong - Non-executive Chairman, Independent
- Wee Min Chen – Executive Director
- Chin Kar Yang – Executive Director
- How Weng Chang - Non-executive Director (appointed 8 August 2019)
- Chee Cheong Low – Non-executive Director, Independent (appointed 8 October 2019)
- Peter Yee Ming Ng – Non-executive Director, Independent (appointed 24 October 2019)
- Michael Higginson – Non-Executive Director, Independent (resigned 5 June 2020)
- Wayne Johnson – Non-Executive Director, Independent (resigned 30 September 2019)

And the following persons:
- Kay Wen Chen - Director – VIP Glove Sdn Bhd and KLE Products Sdn Bhd
- Andrew Metcalfe - Company secretary
- Terence Hiew - Sales manager
- Ei Ling Chong - Director – VIP Glove Sdn Bhd and KLE Products Sdn Bhd
- Wilson Ow - Chief Financial Officer
- Kah Wai Wong - General Manager (appointed 2 February 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
30 June 2020	Cash salary $	Other fees $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Dr Kai Fatt Wong	66,000	-	-	-	-	-	66,000
How Weng Chang (1)	33,000	13,814	-	-	-	-	46,814
Chee Cheong Low (2)	26,226	-	-	-	-	-	26,226
Peter Yee Ming Ng (3)	24,789	-	-	-	-	-	24,789
Michael Higginson (4)	42,000	7,800	-	-	-	-	49,800
Wayne Johnson (5)	12,000	-	-	-	-	-	12,000
Executive Directors:							
Wee Min Chen	141,678	-	-	11,394	-	-	153,072
Chin Kar Yang	159,387	-	-	19,765	-	-	179,152
Kay Wen Chen	48,569	-	-	6,159	-	-	54,728
Other Key Management Personnel:							
Andrew Metcalfe (6)	45,600	-	-	-	-	-	45,600
Terence Hiew	31,523	-	-	4,110	-	-	35,633
Ei Ling Chong	28,690	-	-	-	-	-	28,690
Wilson Ow	10,272	-	-	-	-	-	10,272
Kah Wai Wong (7)	51,536	-	-	6,511	-	-	58,047
	721,270	21,614	-	47,939	-	-	790,823

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

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

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

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

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

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

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
30 June 2019	Cash salary $	Other fees $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Dr Kai Fatt Wong	55,250	-	-	-	-	-	55,250
Wayne Johnson	48,000	-	-	-	-	-	48,000
Michael Higginson	61,162	-	-	-	-	-	61,162
Kah Ling Chang	22,750	-	-	-	-	-	22,750
Executive Directors:							
Chin Kar Yang	127,028	-	-	15,757	-	-	142,785
Wee Min Chen	97,614	22,583	-	8,520	-	-	128,717
Kay Wen Chen	41,494	-	-	5,405	-	-	46,899
Other Key Management Personnel:							
Andrew Metcalfe	87,662	-	-	-	-	-	87,662
Lee Siew Ha (1)	12,195	-	-	-	-	-	12,195
Terence Hiew	29,905	-	-	-	-	-	29,905
Ei Ling Chong	22,018	-	-	-	-	-	22,018
Wilson Ow	13,550	-	-	-	-	-	13,550
	618,628	22,583	-	29,682	-	-	670,893

1 Represents remuneration from 1 July 2018 to 1 October 2018.

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

Name	Fixed remuneration 30 June 2020	Fixed remuneration 30 June 2019
Non-Executive Directors:		
Dr Kai Fatt Joe Wong	100%	100%
How Weng Chang	100%	-
Chee Cheong Low	100%	-
Peter Yee Ming Ng	100%	-
Kah Ling Chang	100%	100%
Michael Higginson	100%	100%
Wayne Johnson	100%	100%
Executive Directors:		
Wee Min Chen	100%	100%
Chin Kar Yang	100%	100%
Kay Wen Chen	100%	100%
Other Key Management Personnel:		
Andrew Metcalfe	100%	100%
Wilson Ow	100%	100%
Lee Siew Ha	-	100%
Ei Ling Chong	100%	100%
Terence Hiew	100%	100%
Kah Wai Wong	100%	-

Service agreements

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

Name:	Wee Min Chen
Title:	Executive Director – VIP Gloves Ltd, VIP Glove Sdn Bhd and KLE Products Sdn Bhd
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable – termination on 6 months' notice
Details:	Base consultancy fee for the year ending 30 June 2020 of $190,000.

Name:	Chin Kar Yang
Title:	Executive Director – VIP Gloves Ltd, VIP Glove Sdn Bhd and KLE Products Sdn Bhd
Agreement commenced:	17 November 2017
Term of agreement:	Not applicable - termination on 1 months' notice
Details:	Base consultancy fee for the year ending 30 June 2020 of $150,000.

Name:	Kay Wen Chen
Title:	Director – VIP Glove Sdn Bhd and KLE Products Sdn Bhd
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable – termination on 3 months' notice
Details:	Base consultancy fee for the year ending 30 June 2020 of $47,500.

Name:	Wilson Ow
Title:	Chief Financial Officer
Agreement commenced:	1 November 2018
Term of agreement:	Not applicable – termination on 1 months' notice
Details:	Base salary for the year ending 30 June 2020 of $25,500.

Name:	Andrew Metcalfe
Title:	Company Secretary
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable
Details:	Base consultancy fee for the year ending 30 June 2020 of $42,000.

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

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2020.

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 2020.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue	13,696,465	11,691,611	11,391,412	9,032,903	7,964,580
Profit/(Loss) before income tax	(279,580)	(4,797,309)	(2,323,847)	(3,533,344)	266,031
Profit/(Loss) after income tax	116,056	(4,797,309)	(2,323,847)	(3,510,409)	(50,226)

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

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.03	0.04	0.04	0.08	0.18
Basic earnings per share (cents per share)	0.02	(1.04)	(0.63)	(1.09)	(0.03)

In the period from 30 June 2012 until 1 February 2016, the Company's shares were suspended from trading on the ASX.

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					
Dr Kai Fatt Joe Wong	80,000	-	-	-	80,000
Wee Min Chen	55,550,948	-	-	(9,400,000)	46,150,948
How Weng Chang	-	-	-	2,111,320	2,111,320
Andrew Metcalfe	2,052,025	-	-	-	2,052,025
Kay Wen Chen	120,000	-	-	-	120,000
	57,802,973	-	-	(7,288,680)	50,514,293

'Other' represents a transfer of shares by Wee Min Chen to non-related parties, and shares held on appointment as a director by How Weng Chang.

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

Other transactions with key management personnel and their related parties
As at 30 June 2020 there was a loan of $109,174 from Director Chin Kar Yang which is unsecured, non-interest bearing and payable at call.

Keng Lek Engineering is a Director-related entity of Wee Min Chen and Kay Wen Chen. The entity received an advance in a previous year and there is an $105,340 receivable at 30 June 2020 (2019: $111,713). As at 30 June 2020 this receivable offset against a $61,274 payable to Wee Min Chen for outstanding director and advisory fees.

Wee Min Chen received an Advisory fee of $22,582 for the 2019 financial year.

No other transactions with key management personnel and their related parties occurred during the year ended 30 June 2020.

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 issued on the exercise of options
There were no ordinary shares of VIP Gloves Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

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

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

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

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

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 21 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 APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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 Audit (Vic) Pty Ltd.

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 Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

VIP Gloves Limited
Directors' report
30 June 2020

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

Wee Min Chen

1 October 2020

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

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

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

William Buck

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

N. S. Benbow
Director

Dated this 1st day of October, 2020

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

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	**Principal place of business**
C/- Compass Offices Level 26 360 Collins Street Melbourne VIC 3000 Australia	No. 17 Jalan Perusahaan 1, Kawasan Perusahaan, Beranang 43700 Beranang, Selangor Darul Ehsan Malaysia

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 1 October 2020. 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 2020

	Note	Consolidated 30 June 2020 $	30 June 2019 $
Revenue			
Revenue	4	13,696,465	11,691,611
Cost of goods sold		(11,488,623)	(11,956,689)
Gross (loss) / profit		2,207,842	(265,078)
Other income	5	46,035	359,405
Interest revenue		8,859	6,814
Expenses			
Employee benefits expense		(956,818)	(652,284)
Depreciation and amortisation expense	6	(93,219)	(113,549)
Impairment of property, plant & equipment	6	-	(297,933)
Loss on disposal of assets		-	(10,078)
Impairment of inventory	6	290,721	(2,115,570)
Legal and professional fees		(223,554)	(332,704)
Foreign exchange losses		(12,419)	-
Provision for expected credit losses	6	(5,685)	(205,902)
Administration expenses		(1,030,214)	(476,532)
Finance costs	6	(511,128)	(693,898)
Total expenses		(2,542,316)	(4,898,450)
Loss before income tax benefit		(279,580)	(4,797,309)
Income tax benefit	7	395,636	-
Profit/(loss) after income tax benefit for the year		116,056	(4,797,309)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(301,540)	(90,425)
Other comprehensive income for the year, net of tax		(301,540)	(90,425)
Total comprehensive income for the year		(185,484)	(4,887,734)
		Cents	**Cents**
Basic earnings per share	29	0.02	(1.04)
Diluted earnings per share	29	0.02	(1.04)

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 2020

	Note	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	8	2,052,895	54,443
Trade and other receivables	9	467,032	886,782
Inventories	10	665,441	880,351
Term deposits		505,681	307,908
Other		174,644	62,621
		3,865,693	2,192,105
Non-current assets classified as held for sale	11	3,093,719	-
Total current assets		6,959,412	2,192,105
Non-current assets			
Property, plant and equipment	12	13,361,930	15,036,630
Deferred tax	7	380,268	-
Total non-current assets		13,742,198	15,036,630
Total assets		20,701,610	17,228,735
Liabilities			
Current liabilities			
Trade and other payables	13	3,232,443	5,373,821
Contract liabilities	14	2,716,201	-
Financial liabilities	15	3,837,633	2,108,686
Income tax	7	169,480	171,423
Bank overdraft	8	1,092,677	1,232,625
Total current liabilities		11,048,434	8,886,555
Non-current liabilities			
Financial liabilities	16	-	2,138,819
Total non-current liabilities		-	2,138,819
Total liabilities		11,048,434	11,025,374
Net assets		9,653,176	6,203,361
Equity			
Issued capital	17	18,556,098	14,920,799
Reserves		(767,012)	(465,472)
Accumulated losses		(8,135,910)	(8,251,966)
Total equity		9,653,176	6,203,361

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 2020

Consolidated	**Issued capital $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	8,483,553	(375,047)	(3,454,657)	4,653,849
Loss after income tax expense for the year	-	-	(4,797,309)	(4,797,309)
Other comprehensive income for the year, net of tax	-	(90,425)	-	(90,425)
Total comprehensive income for the year	-	(90,425)	(4,797,309)	(4,887,734)
Issue of shares	6,037,472	-	-	6,037,472
Equity received in advance	812,278	-	-	812,278
Capital raising costs	(412,504)	-	-	(412,504)
Balance at 30 June 2019	14,920,799	(465,472)	(8,251,966)	6,203,361

Consolidated	**Issued capital $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2019	14,920,799	(465,472)	(8,251,966)	6,203,361
Profit after income tax benefit for the year	-	-	116,056	116,056
Other comprehensive income for the year, net of tax	-	(301,540)	-	(301,540)
Total comprehensive income for the year	-	(301,540)	116,056	(185,484)
Issue of shares	3,692,303	-	-	3,692,303
Capital raising costs	(57,004)	-	-	(57,004)
Balance at 30 June 2020	18,556,098	(767,012)	(8,135,910)	9,653,176

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 2020

	Note	Consolidated 30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from customers		17,488,064	11,605,397
Payments to suppliers		(15,573,028)	(12,341,238)
		1,915,036	(735,841)
Interest received		8,859	6,814
Proceeds from grants		30,422	-
Interest and other finance costs paid		(583,309)	(693,898)
Net cash from/(used in) operating activities	28	1,371,008	(1,422,925)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,269,957)	(1,559,096)
Refund of security deposits		-	752
Payments for term deposits		(197,773)	-
Deposit received for sale and leaseback transaction		612,787	-
Proceeds from disposal of property, plant and equipment		62,610	-
Net cash used in investing activities		(1,792,333)	(1,558,344)
Cash flows from financing activities			
Proceeds from issue of shares	17	3,135,539	3,024,417
Proceeds from shares yet to be issued		-	812,278
Share issue transaction costs	17	(57,004)	(412,504)
Repayment of borrowings		(465,895)	(919,075)
Net cash from financing activities		2,612,640	2,505,116
Net increase/(decrease) in cash and cash equivalents		2,191,315	(476,153)
Cash and cash equivalents at the beginning of the financial year		(1,178,182)	(691,871)
Effects of exchange rate changes on cash and cash equivalents		(52,915)	(10,158)
Cash and cash equivalents at the end of the financial year	8	960,218	(1,178,182)

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. There has been a immaterial impact on the entity as a result of adopting the new lease standard.

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 profit after income tax of $ 116,056 (2019: loss of $4,797,309) and had net cash inflows from operating activities of $1,371,008 (2019: $1,422,925 outflow) for the year ended 30 June 2020. As at that date, the consolidated entity had net current liabilities of $4,089,022 (2019: $6,694,450).

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:

- In January 2020, management executed a sale and leaseback arrangement for the land and buildings held by the consolidated entity for which MYR2.8 million (AUD$0.99 million) was received as at 30 June. The sale of land was subject to local Malaysian government approval and on 21 July 2020, all conditions precedent under the sale and leaseback transaction were completed. This was followed by the receipt of MYR7 million (AUD$2.49 million) and payment to the Company's bank of MYR5 million (AUD$1.78 million) subsequent to year end to redeem the outstanding mortgage and release of title over the land. The balance of MYR19.8 million (AUD$6.82 million) is to be received in staged payments with full payment due on 21 January 2021.
- In July 2020, the two new nitrile glove production lines were commissioned and became fully operational generating additional revenue from glove production.
- Subsequent to the financial year end, convertible notes amounting to principal of $487,983 plus interest of $67,450 were repaid.
- In the 3 months to 30 September 2020, the consolidated entity generated an estimated profit of $3.64 million from its glove manufacturing and sales operations

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

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

Note 1. Significant accounting policies (continued)

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

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

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of VIP Gloves Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. VIP Gloves Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Revenue recognition
The consolidated entity recognises revenue as follows:

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

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

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

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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. Significant accounting policies (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.

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.

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

Issued capital
Ordinary shares are classified as equity.

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

Earnings per share

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

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

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.

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

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

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

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

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

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

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

Had the Group maintained the same segments as in the previous year, the following disclosures would be relevant.

Note 3. Operating segments (continued)

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

Consolidated - 30 June 2019	Malaysia $	Australia $	elimination / unallocated $	Total $
Revenue				
Sales to external customers	11,691,611	-	-	11,691,611
Interest revenue	6,756	58	-	6,814
Total revenue	11,698,367	58	-	11,698,425
EBITDA	(3,057,407)	(5,977,477)	5,492,115	(3,542,769)
Depreciation and amortisation	(567,457)	-	-	(567,457)
Interest revenue	6,757	58	-	6,815
Finance costs	(543,041)	(150,857)	-	(693,898)
Profit/(loss) before income tax expense	(4,161,148)	(6,128,276)	5,492,115	(4,797,309)
Income tax expense				-
Loss after income tax expense				(4,797,309)
Assets				
Segment assets	17,233,943	7,293,833	(7,299,041)	17,228,735
Total assets				17,228,735
Liabilities				
Segment liabilities	21,993,694	999,750	(11,968,070)	11,025,374
Total liabilities				11,025,374

Note 4. Revenue

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

	Consolidated	
	30 June 2020 $	30 June 2019 $
Major product lines		
Nitrile gloves – VIP Glove Sdn Bhd	13,525,238	10,837,388
Conveyer chain parts – KLE Products Sdn Bhd	171,227	854,223
	13,696,465	11,691,611

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 2020 %	Consolidated 30 June 2019 %
WDE Distribution (M) SDN BHD	27%	18%
A1 Globe SDN BHD	12%	-
Tan Sin Lian Industries SDN BHD	12%	11%
DR BOO COMPANY LIMITED	-	24%

Note 5. Other income

	Consolidated	
	30 June 2020 $	30 June 2019 $
Net foreign exchange gain	-	351,751
Net gain on disposal of property, plant and equipment	15,613	-
Other revenue	30,422	7,654
Other income	46,035	359,405

Note 6. Expenses

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	-	3,777
Motor vehicles	2,621	2,507
Office equipment	11,671	7,136
Buildings	78,927	100,129
Total depreciation	93,219	113,549
Depreciation included in cost of goods sold		
Plant and equipment	525,166	577,425
Total depreciation and amortisation	618,385	690,974
Provision for impairment		
Impairment of inventories	(290,721)	2,115,570
Provision for expected credit losses	5,685	205,902
Impairment of plant and equipment	-	297,933
Total impairment	(285,036)	2,619,405
General and administrative expenses		
Employee wages and related costs	494,640	351,043
Directors fees	462,178	301,241
Auditors fees	75,615	187,430
Other administration expenses	954,599	289,101
Total general and administrative expenses	1,987,032	1,128,815
Finance costs		
Interest and finance charges paid/payable on borrowings	427,224	693,898
Other	83,904	-
Finance costs expensed	511,128	693,898

Note 7. Income tax

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(279,580)	(4,797,309)
Tax at the statutory tax rate of 24% (Malaysian corporate tax rate)	(67,099)	(1,151,354)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductable expenses	-	20,508
	267,772	(1,083,412)
Impact of different tax rates	-	-
Tax credits from Temporary differences and carried forward losses not brought to account	284,025	1,130,846
Tax credits from Temporary differences and carried forward losses brought to account	612,562	-
Income tax benefit	395,636	-

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	5,743,387	4,559,950
Potential tax benefit @ 24% (Malaysian corporate tax rate)	1,378,413	1,094,388

During the year the Group brought to account deferred tax assets relating to its operations in Malaysia due to an assessment of its forecast profitability and following an evaluation of tax loss utilisation rules in Malaysia. Tax losses and credits from timing differences arising from operations in Australia are still yet to be recognised given the uncertainty as to when and if those credits may be utilised.

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Provision for income tax		
Provision for income tax	169,480	171,423

Note 8. Current assets - cash and cash equivalents

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Cash at bank	2,052,895	54,443

	Consolidated 30 June 2020	Consolidated 30 June 2019
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	2,052,895	54,443
Bank overdraft (1)	(1,092,677)	(1,232,625)
Balance per statement of cash flows	960,218	(1,178,182)

(1) Refer to Note 15

Note 9. Current assets - trade and other receivables

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Trade receivables	387,867	2,044,641
Less: Allowance for expected credit losses	-	(1,403,164)
	387,867	641,477
Receivable from related parties*	44,066	116,878
Other receivables	35,099	128,427
	467,032	886,782

* Receivable from Keng Lek Engineering Sdn Bhd, a Director-related entity of Wee Min Chen and Kay Wen Chen. An advance was provided to Keng Lek Engineering during the year ended 30 June 2017. The movement in value at 30 June 2020 from the prior period relates to the change in the exchange rate and offset of a $61,274 payable to Wee Min Chen for outstanding director and advisory fees. The loan is payable at call, is non-interest bearing and unsecured.

Allowance for expected credit losses
The consolidated entity has recognised a loss of $5,685 (2019 $205,902) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

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

Consolidated	Expected credit loss rate 30 June 2020 %	Expected credit loss rate 30 June 2019 %	Carrying amount 30 June 2020 $	Carrying amount 30 June 2019 $	Allowance for expected credit losses 30 June 2020 $	Allowance for expected credit losses 30 June 2019 $
Not overdue	-	-	186,095	35,777	-	-
0 to 3 months overdue	-	-	4,377	354,779	-	-
3 to 6 months overdue	-	-	4,498	108,649	-	-
Over 6 months overdue	-	90.79%	192,897	1,545,436	-	1,403,164
			387,867	2,044,641	-	1,403,164

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

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

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Opening balance	1,403,164	1,163,624
Additional allowance recognised during the period	5,465	207,645
Foreign currency translation	(15,796)	31,895
Receivables written off during the year as uncollectable	(1,392,833)	-
Closing balance	-	1,403,164

Note 10. Current assets - inventories

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Raw materials	363,000	1,224,232
Work in progress	77,722	550,407
Finished goods	224,719	1,256,249
Provision for impairment	-	(2,150,537)
	665,441	880,351

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

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Land and buildings	3,093,719	-

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

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

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Plant and equipment - at cost	5,469,981	6,031,907
Less: Accumulated depreciation	(2,432,531)	(2,253,426)
Less: Impairment	(134,179)	(302,857)
	2,903,271	3,475,624
Motor vehicles - at cost	12,596	12,741
Less: Accumulated depreciation	(5,248)	(2,760)
	7,348	9,981
Office equipment - at cost	118,697	118,504
Less: Accumulated depreciation	(43,839)	(32,995)
	74,858	85,509
Land	2,960,336	5,122,008
Less: Accumulated depreciation	(106,561)	-
	2,853,775	5,122,008
Buildings	718,490	2,082,254
Less: Accumulated depreciation	(105,220)	(510,478)
	613,270	1,571,776
Capital works in progress	6,909,408	4,771,732
	13,361,930	15,036,630

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

Consolidated	Land $	Buildings $	Plant & equipment $	Office equipment $	Motor Vehicles $	Capital Works $	Total $
Balance at 1 July 2018	4,991,432	1,623,332	4,243,440	95,400	12,194	3,683,355	14,649,153
Additions	-	-	4,627	2,479	-	971,347	978,453
Disposals	-	-	(8,384)	-	-	-	(8,384)
Exchange differences	130,576	48,417	113,383	1,540	293	117,030	411,239
Impairment of assets	-	-	(302,857)	-	-	-	(302,857)
Depreciation expense	-	(100,129)	(581,202)	(7,136)	(2,507)	-	(690,974)
Balance at 30 June 2019	5,122,008	1,571,620	3,469,007	92,283	9,980	4,771,732	15,036,630
Additions	-	18,724	2,431	1,535	-	2,247,267	2,269,957
Classified as held for sale (note 11)	(2,148,551)	(945,168)	-	-	-	-	(3,093,719)
Disposals	-	-	(23,996)	(6,774)	-	-	(30,770)
Exchange differences	(55,576)	(17,085)	(19,005)	(515)	(11)	(109,591)	(201,783)
Depreciation expense	(64,106)	(14,821)	(525,166)	(11,671)	(2,621)	-	(618,385)
Balance at 30 June 2020	2,853,775	613,270	2,903,271	74,858	7,348	6,909,408	13,361,930

Valuations of land and buildings
The basis of the valuation of land and buildings is fair value. The Directors do not believe that there has been a material movement in fair value since the prior reporting period.

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

Capital Works in Progress
Capital Works in progress represents the new glove production lines that were completed in June 2020 and commissioned in July 2020.

Note 13. Current liabilities - trade and other payables

	Consolidated 30 June 2020 $	30 June 2019 $
Trade payables	2,098,359	3,109,473
Payable to related parties (1)	109,714	121,712
Other payables and accruals	1,024,370	2,142,636
	3,232,443	5,373,821

(1) Payables to related parties' relates to accruals of Directors fees and advisory fees payable to Chin Kar Yang (2020: $109,714) and to Wee Min Chen (2019: $121,712)

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

Note 14. Current liabilities - contract liabilities

	Consolidated 30 June 2020 $	30 June 2019 $
Contract liabilities	2,716,201	-

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

Opening balance	-	-
Add amounts invoiced (ex GST / VAT)	9,739,006	-
Less amounts brought to account as revenue	(7,022,805)	-
Closing balance	2,716,201	-

Note 15. Current liabilities - financial liabilities

	Consolidated 30 June 2020 $	30 June 2019 $
Term loans (2)	2,462,338	866,056
Amounts payable to related parties (3)	109,174	-
Convertible notes payable (4)	653,334	700,000
Trust receipts (5)	-	534,645
Deposit received for sale and leaseback transaction	612,787	-
Hire purchase (6)	-	7,985
	3,837,633	2,108,686

Note 15. Current liabilities - financial liabilities (continued)

Included within term loan is a $450,890 Term Loan with Hong Leong Bank which has been classified as current due to breaches of the following covenants that are measured annually, based upon the results of the subsidiary entity, KLE Products Sdn Bhd:
- minimum revenue of $10 million (MYR30 million) or more, and
- minimum net profit before tax of $0.833 million (MYR 2,500,000) or more.

As at the date of this financial report, Hong Leong Bank is reviewing the term loan facilities.

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

Assets pledged as security
(1) The bank overdraft of the consolidated entity is secured by the following:
- Pledge of fixed deposits of the consolidated entity with a licensed bank.
- Legal charge over the consolidated entity's land and building.
- Jointly and severally guaranteed by certain Directors of the consolidated entity; and
- Corporate guarantee from a Group in which certain Directors have an interest.

Refer to Note 8 - Cash and cash equivalents.

(2) The term loans of the consolidated entity are secured by the following:
- Guarantee by Credit Guarantee Corporation Malaysia Berhad
- Legal charge over the Company's land and building.
- Jointly and severally guaranteed by certain Directors of the Company; and
- Assignment of a Single Premium Reducing Term Plan.
- Jointly and severally guaranteed by the Company and a related company.

It is the Company's intention to repay term loan debt in 12 months.

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

(4) The convertible notes of the consolidated entity are unsecured. The coupon rate is 12% per annum and they convert to shares at $0.05 per share at the discretion of the noteholder. Terms for repayment of Convertible Notes principal and interest owing to the two holders have been agreed, with outstanding interest to be paid by 31 December 2019 and principal to be repaid once the company has been adequately recapitalised.

(5) The trust receipt of the Company bears interest at rates ranging from 1.1% to 1.5% (2019: 1.1-1.5%) per annum above the bank's base lending rate and has maturity period of 150 days (2019: 150 days).

(6) The annual effective interest rates of the hire purchase liabilities in 2020 is Nil (2019: 4.55% to 14.50%) per annum.

Note 16. Non-current liabilities - financial liabilities

	Consolidated	
	30 June 2020	30 June 2019
	$	$
Term loans (1)	-	2,132,486
Hire purchase (2)	-	6,333
	-	2,138,819

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

(1) Refer to Note 15 Current Financial Liabilities for further information.

(2) Refer to Note 15 Current Financial Liabilities for further information.

Note 17. Equity - issued capital

	Consolidated			
	30 June 2020 Shares	30 June 2019 Shares	30 June 2020 $	30 June 2019 $
Ordinary shares - fully paid	745,656,435	593,221,525	18,556,098	14,108,521
Equity received in advance *	-	-	-	812,278
	745,656,435	593,221,525	18,556,098	14,920,799

* Share application proceeds received in advance totalling $812,278 were received from Endless Earnings Sdn Bhd and Leading & Junction Sdn Bhd.

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	384,312,495		8,483,553
Issue of shares	3 Oct 2018	6,920,414	$0.0289	200,000
Issue of shares	25 Oct 2018	3,460,207	$0.0289	100,000
Issue of shares	11 Dec 2018	18,990,733	$0.0289	548,833
Issue of shares	21 Dec 2018	6,417,625	$0.0289	185,469
Issue of shares	17 Jan 2019	7,965,539	$0.0289	230,204
Issue of shares - conversion of debt to shares	21 Jan 2019	6,466,198	$0.0289	186,873
Issue of shares	19 Feb 2019	121,151,689	$0.0289	3,501,284
Issue of shares - conversion of debt to shares	14 Mar 2019	7,956,123	$0.0289	229,932
Issue of shares	8 May 2019	29,580,502	$0.0289	854,877
Capital raising costs		-	$0.0000	(412,504)
Balance	30 June 2019	593,221,525		14,108,521
Issue of shares - placement (1)	11 Dec 2019	25,951,557	$0.0289	750,000
Issue of shares - placement (2)	12 Dec 2019	31,235,447	$0.0289	902,704
Issue of shares - conversion of debt to shares	30 Dec 2019	1,266,436	$0.0289	36,600
Issue of shares - conversion of debt to shares	14 May 2020	3,787,221	$0.0289	109,450
Issue of shares - conversion of debt to shares	24 Jun 2020	13,690,475	$0.0300	410,714
Issue of shares - placement	24 Jun 2020	76,503,774	$0.0300	2,295,113
Capital raising costs		-	$0.0000	(57,004)
Balance	30 June 2020	745,656,435		18,556,098

(1) Ordinary shares were issued in the period to 31 December 2019 as part of a share subscription agreement between the Company and Mr Alfonso Chu.

(2) Ordinary shares were issued in the period to 31 December 2019 as part of a share subscription agreement between the Company and Leading & Junction Sdn Bhd and Endless Earnings Sdn Bhd which included share application proceeds received in advance totalling $812,278 from Endless Earnings Sdn Bhd and Leading & Junction Sdn Bhd.

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.

Note 17. Equity - issued capital (continued)

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

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

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

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

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

The capital risk management policy remains unchanged from the 2019 Financial Report.

Note 18. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 19. Financial risk management

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

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

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

Note 19. Financial risk management (continued)

	Consolidated 30 June 2020 $	30 June 2019 $
Financial Assets		
Cash and cash equivalents	2,052,895	54,443
Term deposits	505,681	307,908
Trade and other receivables	467,032	886,782
Total financial assets	3,025,608	1,249,133
Financial Liabilities		
Trade and other payables	3,232,443	5,373,821
Borrowings – current	4,930,310	3,341,312
Borrowings – non-current	-	2,138,818
Total financial liabilities	8,162,753	10,853,951

Market risk

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

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

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

	Assets		Liabilities	
Consolidated	**30 June 2020 $**	**30 June 2019 $**	**30 June 2020 $**	**30 June 2019 $**
Malaysian Ringgit	21,675,926	17,233,943	(11,174,439)	(10,025,624)

The consolidated entity had net assets denominated in foreign currencies of AUD $10,501,487 at 30 June 2020 (2019: net liabilities of AUD $7,208,319).

Based on this exposure, had the Australian dollar weakened by 5% / strengthened by 5% (2019: weakened by 5% / strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $500,071 lower / $500,071 higher (2019: $343,253 lower / $343,253 higher) and equity would have been $500,071 lower / $500,071 higher (2019: $343,253 lower / $343,253 higher).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual realised foreign exchange loss for the year ended 30 June 2020 was $12,419 (2019: gain $374,567).

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

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

Note 19. Financial risk management (continued)

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

Consolidated	30 June 2020 Weighted average interest rate %	30 June 2020 Balance $	30 June 2019 Weighted average interest rate %	30 June 2019 Balance $
Trust receipts	-	-	1.40%	534,645
Hire Purchase	-	-	3.10%	14,318
Overdraft *	-	1,092,677	-	1,232,625
Term Loans	7.31%	2,462,388	6.30%	2,998,542
Convertible Notes	12.00%	653,334	12.00%	700,000
Net exposure to cash flow interest rate risk		4,208,399		5,480,130

* Weighted average interest rate for overdraft was BLR + 1.25% - 1.55% for both current and prior years.

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Combined trade line	-	330,009

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

Note 19. Financial risk management (continued)

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

Consolidated - 30 June 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade & other payables	-	3,845,230	-	-	-	3,845,230
Interest-bearing - variable						
Bank overdraft *	-	1,092,677	-	-	-	1,092,677
Interest-bearing - fixed rate						
Convertible notes payable	12.00%	653,334	-	-	-	653,334
Borrowings	7.00%	2,571,512	-	-	-	2,571,512
Total non-derivatives		8,162,753	-	-	-	8,162,753

* Weighted average interest rate for overdraft was BLR + 1.25% - 1.55% for both current and prior years.

Consolidated - 30 June 2019	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	-	5,373,825	-	-	-	5,373,825
Interest-bearing - variable						
Bank overdraft *	-	1,232,625	-	-	-	1,232,625
Trust receipts	1.40%	534,645	-	-	-	534,645
Interest-bearing - fixed rate						
Convertible notes payable	12.00%	700,000	-	-	-	700,000
Hire purchase	3.10%	7,985	6,333	-	-	14,318
Borrowings	6.30%	627,326	571,589	1,180,944	1,512,856	3,892,715
Total non-derivatives		8,476,406	577,922	1,180,944	1,512,856	11,748,128

* Weighted average interest rate for overdraft was BLR (Base lending rate) + 1.25% - 1.55% for both current and prior years.

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

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

Note 20. Key management personnel disclosures

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

	Consolidated	
	30 June 2020 $	30 June 2019 $
Short-term employee benefits	742,884	641,211
Post-employment benefits	47,939	29,682
	790,823	670,893

Note 21. 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 2020 $	30 June 2019 $
Audit services — William Buck Audit (Vic) Pty Ltd (2019: RSM Australia Partners)		
Audit or review of the financial statements	35,000	75,000
Other services — (2019: RSM Australia Partners)		
Independent Experts Report	-	26,170
	35,000	101,170
Audit services - network firms		
Audit or review of the financial statements	35,000	66,055

Note 22. Contingent liabilities

The Directors are not aware of any potential liabilities or claims against the Company as at the date of this Report.

Note 23. Commitments

The consolidated entity has completed the construction of its two glove manufacturing lines. Planned capital expenditure not yet committed at 30 June 2020 is $1,243,129 (MYR 3,651,566) (2019: $5,021,164).

Note 24. Related party transactions

Parent entity
VIP Gloves Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Note 24. Related party transactions (continued)

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

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2020 $	30 June 2019 $
Payment for goods and services:		
Transactions with Keng Lek Engineering (Director-related entity of Wee Min Chen and Kay Wen Chen) for rental of motor vehicles.	-	7,914
Transactions with Keng Lek Engineering (Director-related entity of Wee Min Chen and Kay Wen Chen) for purchase of forklift.	5,313	-
Payment for other expenses:		
Repayment of convertible notes to Kah Ling Chang	-	500,000
Cash received as loan from Chin Kar Yang	-	532,770

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 2020 $	30 June 2019 $
Current receivables:		
Receivables from Keng Lek Engineering (director-related entity of Wee Min Chen) *	105,340	111,713
Receivables from Wee Min Chen	-	5,165
Current payables:		
Accrued advisor fees to Wee Min Chen *	61,274	68,868
Accrued Directors fees	20,747	52,844
Amounts payable to Chin Kar Yang	109,174	-
Cash received as loan from Chin Kar Yang	-	532,770

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

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

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

Note 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 30 June 2020 $	Parent 30 June 2019 $
Loss after income tax	(619,186)	(6,128,276)
Total comprehensive income	(619,186)	(6,128,276)

Statement of financial position

	Parent 30 June 2020 $	Parent 30 June 2019 $
Total current assets	1,566	(5,208)
Total assets	10,290,066	7,203,111
Total current liabilities	876,383	999,750
Total liabilities	876,383	999,750
Equity		
Issued capital	65,260,292	61,430,784
Accumulated losses	(55,846,609)	(55,227,423)
Total equity	9,413,683	6,203,361

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 2019 and 30 June 2020

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 26. Interests in subsidiaries

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

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**30 June 2020 %**	**30 June 2019 %**
KLE Products Sdn Bhd	Malaysia	100.00%	100.00%
VIP Glove Sdn Bhd	Malaysia	100.00%	100.00%

Note 27. Events after the reporting period

In July 2020, the two new nitrile glove production lines were commissioned and became fully operational. On 21 July 2020, all conditions precedent under the sale and leaseback transaction were completed. This was followed by the receipt of MYR7 million (AUD$2.49 million) and payment to the Company's bank of MYR5 million (AUD$1.78 million) subsequent to year end to redeem the outstanding mortgage and release of title over the land.

Subsequent to the financial year end, convertible notes amounting to principal of $487,983 plus interest of $67,450 were repaid.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 28. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	30 June 2020 $	**30 June 2019 $**
Profit/(loss) after income tax benefit for the year	116,056	(4,797,309)
Adjustments for:		
Depreciation and amortisation	618,385	690,974
Impairment of property, plant and equipment	-	297,933
Net loss/(gain) on disposal of property, plant and equipment	(15,613)	10,078
Foreign exchange differences	(68,754)	(523,714)
Doubtful debts expense	5,685	205,902
Impairment of inventory	-	2,115,570
Change in operating assets and liabilities:		
Decrease in trade and other receivables	419,750	145,672
Decrease in inventories	214,910	2,833,003
Increase in deferred tax assets	(380,268)	-
Decrease/(increase) in other operating assets	(112,023)	8,359
Decrease in trade and other payables	(2,141,378)	(2,413,966)
Increase in contract liabilities	2,716,201	-
Increase/(decrease) in provision for income tax	(1,943)	4,573
Net cash from/(used in) operating activities	1,371,008	(1,422,925)

Note 29. Earnings per share

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Profit/(loss) after income tax	116,056	(4,797,309)
	Cents	**Cents**
Basic earnings per share	0.02	(1.04)
Diluted earnings per share	0.02	(1.04)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	627,771,480	462,101,140
Weighted average number of ordinary shares used in calculating diluted earnings per share	627,771,480	462,101,140

VIP Gloves Limited
Directors' declaration
30 June 2020

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 2020 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

Wee Min Chen

1 October 2020

VIP Gloves Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VIP Gloves Ltd (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Other Matter

The financial report of VIP Gloves Ltd for the year ended 30 June 2019 was audited by another auditor, who expressed an unmodified opinion to that report.

ACCOUNTANTS & ADVISORS
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Key Audit Matters

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

KEY AUDIT MATTERS	
The Group's response to the COVID Pandemic	**How our audit addressed it**
The Group experienced a surge in sales orders for nitrile gloves in the final quarter of the financial year which was influenced particularly by the COVID epidemic and also enabled the Group to complete the expansion of two additional lines of production. Due to the extraordinary demand for its product, the Group has been able to charge for cash in-advance of orders, which has given rise to a contract liability for revenue received in advance of $2,716,201. In-addition, the Group's capital expenditure for the 12 months, as represented in Note 12, included continuing development on new lines of production, which, post 30 June were completed and commissioned in order to scale to meet those orders.	Our audit procedures over revenue included: — Assessing the compliance of the Group's revenue recognition accounting policy with applicable accounting standards, including those relating to identifying a contract with a customer and determining the transaction price; — Selecting a sample of sale transactions during the year to underlying supporting documentation including receipts to bank statements; 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. Our audit procedures over the capitalization of the new additional production lines included: — Examining on an individual and sample basis additions to capital works-in-progress to supplier invoice; — Examining the profile of capital works in progress to determine when the new additional lines of production were ready for use and therefore ready to commence depreciation; and — Examining any remaining uncommissioned capital works in production for any remaining impairment. We also assessed the appropriateness of disclosures relating to these items in the financial statements.

KEY AUDIT MATTERS	
Sale and Leaseback Transaction	**How our audit addressed it**
As disclosed as a subsequent event, the Group completed a Sale and Leaseback Agreement (the Agreement) for land and buildings in Malaysia in July, which resulted in the receipt of $AUD 2.49m in cash, the settlement of debt of $AUD 1.78m and a recognition of a receivable for a further $6.82m to be paid according to payment milestones in the 12 months to 30 June 2021. The land and building subject to the Agreement were recorded as a Non-Current Asset Held for Sale in the Statement of Financial Position at 30 June 2020 with a carrying value of $3.1m.	Our audit procedures included: — Reviewing the executed Sale and Leaseback Agreements and conducting discussions with management to gain an understanding of the transaction; — Ensuring that appropriate accounting treatment was applied in accordance with the accounting standards; — Tracing through consideration received and debt settled as part of the completion of the Agreement. We also assessed the appropriateness of disclosures relating to these items in the financial statements.
Availability of Working Capital and the Going Concern Assumption	**How our audit addressed it**
We draw reference to Note 1 to the financial statements which states the assumptions that have been applied by the directors in concluding that the Group is a going concern position, notwithstanding that as at 30 June 2020 the Group had current liabilities which exceeded total current assets by $4,809,022. In concluding this, the Directors considered the following matters discussed in the note, including: — profitable trading results in the quarter ended 30 September 2020; — the successful execution of the sale and leaseback agreement; — the paydown of financial liabilities; and — the delivery of sales contracts for amounts recorded as contract liabilities as at 30 June 2020. Due to these factors the directors consider that the use of the going concern assumption is appropriate. As subsequent event transactions featured heavily in the going concern assessment, this is a key audit matter.	Our audit procedures over revenue included: — Reviewing the post-year-end performance of the entity for the 3 months to September 2020; — Testing the execution of the sale and leaseback transaction, including the receipt of funds from the transaction and the receivable for funds still be received under the terms of the transaction; and — Examining the settlement of liabilities which previously had been recorded with a breach of covenant which were paid through proceeds from the transaction. We also assessed the appropriateness of disclosures relating to these items in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of VIP Gloves Ltd for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

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

Nicholas Benbow
Director

Melbourne, 1 October 2020

VIP Gloves Limited
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 30 September 2020.

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	44	7,735
1,001 to 5,000	101	374,117
5,001 to 10,000	131	1,008,748
10,001 to 100,000	608	24,671,766
100,001 and over	233	719,594,069
	1,117	745,656,435
Holding less than a marketable parcel	39	4,538

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

	Number Held	% of total issued shares
LEADING AND JUNCTION SDN BHD	128,074,644	17.176%
CITICORP NOMINEES PTY LIMITED	98,067,147	13.152%
WEE MIN CHEN	46,150,948	6.189%
ENDLESS EARNINGS SDN BHD	45,634,862	6.120%
MR CHOONG CHOY LEE	34,900,932	4.681%
EI LING CHONG	24,093,553	3.231%
LEE KEONG WONG	23,471,165	3.148%
BNP PARIBAS NOMS PTY LTD	17,200,441	2.307%
HSBC CUSTODY NOMINEES	15,618,679	2.095%
BNP PARIBAS NOMINEES PTY LTD	14,074,781	1.888%
HU WANG	12,980,589	1.741%
MR LIGE WANG	11,627,622	1.559%
HSBC CUSTODY NOMINEES	10,192,556	1.367%
YAT YIN TAI	10,000,000	1.341%
MS MAY THIAN	9,887,123	1.326%
MR TING LIAN LOO	9,693,625	1.300%
LEE KEONG WONG	9,177,950	1.231%
HEE KIN PANG	9,064,667	1.216%
MR KOK SEONG WONG	7,881,905	1.057%
TA SECURITIES HOLDINGS BERHAD	7,523,726	1.009%
	545,316,915	73.13%

VIP Gloves Limited
Shareholder information
30 June 2020

There are no unquoted equity securities.

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	17.176%
CITICORP NOMINEES PTY LIMITED	98,067,147	13.152%
WEE MIN CHEN	46,150,948	6.189%
ENDLESS EARNINGS SDN BHD	45,634,862	6.120%

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.