

**VIP Gloves Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: VIP Gloves Limited  
ABN: 83 057 884 876  
Reporting period: For the half-year ended 31 December 2020  
Previous period: For the half-year ended 31 December 2019

**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	298.9% to	20,978,158
Profit from ordinary activities after tax attributable to the owners of VIP Gloves Limited	up	326.3% to	2,253,008
Profit for the half-year attributable to the owners of VIP Gloves Limited	up	326.3% to	2,253,008

**Dividends**

	Amount per security	Franked amount per security
Proposed Interim Period		
- Current reporting period	\$0.0018	Nil
- Previous corresponding reporting period	Nil	Nil

Interim dividend proposed in respect of the current reporting period. The financial effect of this dividend will be recognised in the next reporting period.

Record date for determining entitlement to the dividend is 26 February 2021.

**Comments**

Consolidated group profit before income tax, interest, depreciation and share based payments was \$8,513,538 (31 December 2019: loss of \$391,774).

The profit for the consolidated entity after providing for income tax, interest, depreciation and share based payments amounted to \$2,253,008 (31 December 2019: loss of \$995,700).

The profit in the current period compared to loss in the previous period is attributable to closure of the conveyer chain parts manufacturing operations in October 2019 associated with Malaysian subsidiary KLE Products Sdn Bhd, and a restructuring of business operations to reduce costs whilst maximising glove production and sales following the commissioning of new production lines in the reporting period to meet increased demand.

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.01	1.29

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

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**6. Details of associates and joint venture entities**

Not applicable.

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**7. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**8. Attachments**

*Details of attachments (if any):*

The Interim Report of VIP Gloves Limited for the half-year ended 31 December 2020 is attached.

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**9. Signed**

Signed \_\_\_\_\_

Wee Min Chen  
Executive Director  
Melbourne

Date: 10 February 2021

# **VIP Gloves Limited**

**ABN 83 057 884 876**

**Interim Report - 31 December 2020**

**VIP Gloves Limited**  
**Corporate directory**  
**31 December 2020**

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

**VIP Gloves Limited**  
**Directors' report**  
**31 December 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 half-year ended 31 December 2020.

**Directors**

The following persons were directors of VIP Gloves Ltd during the whole of the financial half-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  
Chee Cheong Low - Non-Executive Director, Independent  
Peter Yee Ming Ng - Non-Executive Director, Independent

**Principal activities**

The principal activity of the Company during the reporting period 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").

**Review of operations**

Consolidated group profit before income tax, interest, depreciation and share based payments was \$8,513,538 (31 December 2019: loss of \$391,774).

The profit for the consolidated entity after providing for income tax, interest, depreciation and share based payments amounted to \$2,253,008 (31 December 2019: loss of \$995,700).

The consolidated profit result includes recognition of a share-based payment expense of \$3,973,971 relating to the issue of options and performance rights.

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

**Significant changes in the state of affairs**

During the reporting period, the company commissioned two new glove production lines bringing total production lines to 6 and increasing annual production to 650 million pieces. Work also commenced on the installation of a further 4 production lines.

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

During the reporting period, the Company issued:

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

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.

**VIP Gloves Limited**  
**Directors' report**  
**31 December 2020**

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 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

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

**Matters subsequent to the end of the financial half-year**

On 8 February 2021, the company reported deferring completion of the sale and leaseback transaction that was due to be completed on 20 January 2021. This is due to the unprecedented Covid-19 global pandemic, the Movement Control Orders in Malaysia and the lockdown in Hong Kong. Both parties have mutually agreed to defer completion, to be reviewed late February, which is permitted under the Sale and Purchase Agreement.

The company has declared an inaugural unfranked interim dividend of 0.18 cents (A\$0.0018) per share. The record (entitlement) date is 26 February 2021 and payment date is set for 31 March 2021.

No other matter or circumstance has arisen since 31 December 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.

**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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Wee Min Chen  
Executive Director

10 February 2021

**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 half-year ended 31 December 2020 there have been:

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

William Buck

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

N. S. Benbow

**N. S. Benbow**  
Director

Melbourne, 10th February, 2021

**ACCOUNTANTS & ADVISORS**

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**williambuck.com**

## VIP Gloves Limited

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### General information

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

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

#### Registered office

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

#### Principal place of business

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 February 2021.



**VIP Gloves Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue	3	20,977,921	5,259,479
Cost of goods sold		<u>(11,320,995)</u>	<u>(4,833,466)</u>
Gross profit		<u>9,656,926</u>	<u>426,013</u>
Other income		20,174	128,491
Interest revenue		237	4
<b>Expenses</b>			
Employee benefits expense		(599,418)	(344,379)
Legal and professional fees		(200,816)	(187,333)
Movement in provision for expected credit losses		(69,858)	(178,383)
Administration expenses		<u>(293,707)</u>	<u>(236,187)</u>
Total expenses		<u>(1,163,799)</u>	<u>(946,282)</u>
<b>Profit before depreciation and amortisation, finance costs, share-based payments expense and income tax expense</b>		<u>8,513,538</u>	<u>(391,774)</u>
Depreciation and amortisation expense		(41,909)	(293,689)
Equity performance bonus	4	(3,973,971)	-
Finance costs		(82,909)	(310,237)
<b>Profit/(loss) before income tax expense</b>		<u>4,414,749</u>	<u>(995,700)</u>
Income tax expense	5	<u>(2,161,741)</u>	<u>-</u>
<b>Profit/(loss) after income tax expense for the half-year attributable to the owners of VIP Gloves Limited</b>		2,253,008	(995,700)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(672,430)</u>	<u>(85,408)</u>
Other comprehensive income for the half-year, net of tax		<u>(672,430)</u>	<u>(85,408)</u>
<b>Total comprehensive income for the half-year attributable to the owners of VIP Gloves Limited</b>		<u><u>1,580,578</u></u>	<u><u>(1,081,108)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	17	0.30	(0.17)
Diluted earnings per share	17	0.29	(0.17)

*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 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>30 June 2020</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,411,380	2,052,895
Trade and other receivables	7	1,078,774	467,032
Inventories	8	2,833,714	665,441
Term deposits		544,371	505,681
Prepayments		1,288,774	174,644
		<u>7,157,013</u>	<u>3,865,693</u>
Non-current assets classified as held for sale	9	2,941,221	3,093,719
Total current assets		<u>10,098,234</u>	<u>6,959,412</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	14,477,821	13,361,930
Deferred tax		-	380,268
Total non-current assets		<u>14,477,821</u>	<u>13,742,198</u>
<b>Total assets</b>		<u>24,576,055</u>	<u>20,701,610</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	2,465,005	3,232,443
Contract liabilities		622,196	2,716,201
Financial liabilities	12	3,069,287	3,837,633
Income tax	5	1,771,496	169,480
Bank Overdraft		-	1,092,677
Total current liabilities		<u>7,927,984</u>	<u>11,048,434</u>
<b>Non-current liabilities</b>			
Financial liabilities	13	1,641,223	-
Total non-current liabilities		<u>1,641,223</u>	<u>-</u>
<b>Total liabilities</b>		<u>9,569,207</u>	<u>11,048,434</u>
<b>Net assets</b>		<u>15,006,848</u>	<u>9,653,176</u>
<b>Equity</b>			
Issued capital		18,355,221	18,556,098
Reserves		2,534,529	(767,012)
Accumulated losses		<u>(5,882,902)</u>	<u>(8,135,910)</u>
<b>Total equity</b>		<u>15,006,848</u>	<u>9,653,176</u>

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

**VIP Gloves Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payments reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	14,920,799	-	(465,472)	(8,251,966)	6,203,361
Loss after income tax expense for the half-year	-	-	-	(995,700)	(995,700)
Other comprehensive income for the half-year, net of tax	-	-	(85,408)	-	(85,408)
Total comprehensive income for the half-year	-	-	(85,408)	(995,700)	(1,081,108)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	1,071,673	-	-	-	1,071,673
Capital raising costs	(12,005)	-	-	-	(12,005)
Balance at 31 December 2019	<u>15,980,467</u>	<u>-</u>	<u>(550,880)</u>	<u>(9,247,666)</u>	<u>6,181,921</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payments reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	18,556,098	-	(767,012)	(8,135,910)	9,653,176
Profit after income tax expense for the half-year	-	-	-	2,253,008	2,253,008
Other comprehensive income for the half-year, net of tax	-	-	(672,430)	-	(672,430)
Total comprehensive income for the half-year	-	-	(672,430)	2,253,008	1,580,578
<i>Transactions with owners in their capacity as owners:</i>					
Capital raising costs relating to prior reporting period	(200,877)	-	-	-	(200,877)
Vesting of Share-based payments (note 18)	-	3,973,971	-	-	3,973,971
Balance at 31 December 2020	<u>18,355,221</u>	<u>3,973,971</u>	<u>(1,439,442)</u>	<u>(5,882,902)</u>	<u>15,006,848</u>

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

**VIP Gloves Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		18,154,000	6,066,239
Payments to suppliers and employees		(16,036,000)	(6,332,976)
		2,118,000	(266,737)
Interest received		237	4
Other revenue		-	4,781
Interest and other finance costs paid		(166,000)	(310,237)
Income taxes paid		(132,000)	-
Net cash from/(used in) operating activities		1,820,237	(572,189)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	(2,310,000)	(116,884)
Payments for security deposits		-	(162,876)
Deposit received for sale and leaseback transaction		2,432,000	-
Proceeds from disposal of property, plant and equipment		-	46,997
Net cash from/(used in) investing activities		122,000	(232,763)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	835,000
Share issue transaction costs		(200,877)	(12,005)
Proceeds from options yet to be issued		10,125	-
Repayment of term loans		(697,098)	(75,729)
Repayment of hire purchase loans		-	(3,063)
Proceeds from / (repayment) of trust receipts		-	(80,312)
Repayment of convertible notes		(240,000)	-
Proceeds from / (repayment) of borrowings from related parties		(300,902)	(60,918)
Net cash from/(used in) financing activities		(1,428,752)	602,973
Net increase/(decrease) in cash and cash equivalents		513,485	(201,979)
Cash and cash equivalents at the beginning of the financial half-year		960,218	(1,178,182)
Effects of exchange rate changes on cash and cash equivalents		(62,323)	(167,793)
Cash and cash equivalents at the end of the financial half-year	6	<u>1,411,380</u>	<u>(1,547,954)</u>

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

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 and if adopted, there was, and is expected to be, no material impact on these financial statements.

### **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 of \$2,253,008 and had net cash inflows from operating activities of \$1,820,237 for the half year ended 31 December 2020. As at that date, the consolidated entity had net current assets of \$2,170,250.

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 2. 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 (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

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

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

**Note 2. Operating segments (continued)**

*Operating segment information*

	Malaysia \$	Australia \$	Intersegment eliminations / unallocated \$	Total \$
<b>Consolidated - 31 Dec 2020</b>				
<b>Revenue</b>				
Sales to external customers	20,977,921	-	-	20,977,921
Interest revenue	237	-	-	237
<b>Total revenue</b>	<u>20,978,158</u>	<u>-</u>	<u>-</u>	<u>20,978,158</u>
<b>EBITDA</b>	9,301,042	(4,320,195)	-	4,980,847
Depreciation and amortisation	(483,426)	-	-	(483,426)
Interest revenue	237	-	-	237
Finance costs	-	-	(82,909)	(82,909)
<b>Profit/(loss) before income tax expense</b>	<u>8,817,853</u>	<u>(4,320,195)</u>	<u>(82,909)</u>	<u>4,414,749</u>
Income tax expense				(2,161,741)
<b>Profit after income tax expense</b>				<u>2,253,008</u>
<b>Assets</b>				
Segment assets	24,564,045	8,927,654	(8,915,644)	24,576,055
<b>Total assets</b>				<u>24,576,055</u>
<b>Liabilities</b>				
Segment liabilities	9,489,310	79,897	-	9,569,207
<b>Total liabilities</b>				<u>9,569,207</u>
<b>Consolidated - 31 Dec 2019</b>				
<b>Revenue</b>				
Sales to external customers	5,259,479	-	-	5,259,479
Interest revenue	4	-	-	4
<b>Total revenue</b>	<u>5,259,483</u>	<u>-</u>	<u>-</u>	<u>5,259,483</u>
<b>EBITDA</b>	(100,443)	(291,335)	-	(391,778)
Depreciation and amortisation	(293,689)	-	-	(293,689)
Interest revenue	4	-	-	4
Finance costs	(265,907)	(44,330)	-	(310,237)
<b>Loss before income tax expense</b>	<u>(660,035)</u>	<u>(335,665)</u>	<u>-</u>	<u>(995,700)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(995,700)</u>
<b>Consolidated - 30 June 2020</b>				
<b>Assets</b>				
Segment assets	20,700,044	10,290,066	(10,288,500)	20,701,610
<b>Total assets</b>				<u>20,701,610</u>
<b>Liabilities</b>				
Segment liabilities	10,172,051	876,383	-	11,048,434
<b>Total liabilities</b>				<u>11,048,434</u>

**Note 3. Revenue**

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Major product lines</i>		
Nitrile gloves – VIP Glove Sdn Bhd	20,914,997	5,174,848
Conveyer chain parts – KLE Products Sdn Bhd	62,924	84,631
	<u>20,977,921</u>	<u>5,259,479</u>

*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:

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>%</b>	<b>%</b>
WDE Distribution (M) SDN BHD	28%	33%
Vertex Glove SDN BHD	16%	-
Great Grand Resources SDN BHD	14%	-
Golden Revenue SDN BHD	11%	-
Tan Sin Lian Industries SDN BHD	-	19%
DR Boo Company Limited	-	14%

**Note 4. Expenses**

**Profit/(loss) before income tax includes the following specific expenses:**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Equity based performance bonus granted to senior management, directors and key management personnel		
Options	1,699,740	-
Performance rights	2,274,231	-
Total Share-based payment expenses	<u>3,973,971</u>	<u>-</u>

**Note 5. Income tax**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	4,414,749	(995,700)
Tax at the statutory tax rate of 24%	1,059,540	(238,968)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Vesting of share-based payments accrued to entities in tax losses not recognised in the statement of financial position	953,753	-
Non-deductible expenses	21,981	-
Tax credits from temporary differences and carried forward losses not brought to account	126,467	238,968
Income tax expense	<u>2,161,741</u>	<u>-</u>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	8,205,371	5,743,387
Potential tax benefit @ 24% (Malaysian corporate tax rate)	1,969,289	1,378,413

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

**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	<u>1,411,380</u>	<u>2,052,895</u>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
<b>Reconciliation to cash and cash equivalents at the end of the financial period</b>		
The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:		
Cash at bank	1,411,380	2,052,895
Bank overdraft	-	(1,092,677)
Balance as per statement of cash flows	<u>1,411,380</u>	<u>960,218</u>



**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	1,073,353	387,867
Receivable from related parties	-	44,066
Other receivables	5,421	35,099
	<u>1,078,774</u>	<u>467,032</u>

**Note 8. Current assets - inventories**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Raw materials	2,145,009	363,000
Work in progress	213,871	77,722
Finished goods	474,834	224,719
	<u>2,833,714</u>	<u>665,441</u>

**Note 9. Current assets - non-current assets classified as held for sale**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Land and buildings	<u>2,941,221</u>	<u>3,093,719</u>

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.

Completion was anticipated to occur on 20 January 2021. However, due to the unprecedented Covid-19 global pandemic, the Movement Control Orders in Malaysia and the lockdown in Hong Kong. Both parties have mutually agreed to defer completion, to be reviewed late February, which is permitted under the Sale and Purchase Agreement.

Of the RM29 million (\$10.3 million) to be received for the sale of land and buildings, funds received by the company at reporting date are \$2,945,270 (refer Note 12).

**VIP Gloves Limited**  
**Notes to the financial statements**  
**31 December 2020**

**Note 10. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	9,875,447	5,469,981
Less: Accumulated depreciation	(2,741,624)	(2,432,531)
Less: Impairment	(127,564)	(134,179)
	<u>7,006,259</u>	<u>2,903,271</u>
Motor vehicles - at cost	245,590	12,596
Less: Accumulated depreciation	(15,602)	(5,248)
	<u>229,988</u>	<u>7,348</u>
Office equipment - at cost	123,526	118,697
Less: Accumulated depreciation	(47,404)	(43,839)
	<u>76,122</u>	<u>74,858</u>
Leasehold land	2,814,413	2,960,336
Less: Accumulated depreciation	(118,470)	(106,561)
	<u>2,695,943</u>	<u>2,853,775</u>
Leasehold buildings	749,164	718,490
Less: Accumulated depreciation	(107,254)	(105,220)
	<u>641,910</u>	<u>613,270</u>
Capital works in progress	3,827,599	6,909,408
	<u><u>14,477,821</u></u>	<u><u>13,361,930</u></u>

**Note 11. Current liabilities - trade and other payables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,585,046	2,098,359
Payable to related parties	-	109,714
Payable - Proceeds from options yet to be issued	10,125	-
Other payables and accruals	869,834	1,024,370
	<u><u>2,465,005</u></u>	<u><u>3,232,443</u></u>

**Note 12. Current liabilities - Financial liabilities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Term Loans	124,017	2,462,338
Amounts payable to related parties	-	109,174
Convertible notes payable	-	653,334
Deposit received for sale and leaseback transaction	2,945,270	612,787
	<u><u>3,069,287</u></u>	<u><u>3,837,633</u></u>

**Note 13. Non-current liabilities - Financial liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Term loans	<u>1,641,223</u>	<u>-</u>

**Note 14. Equity - dividends**

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

**Note 15. Contingent liabilities**

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

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

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

**Note 16. Events after the reporting period**

On 8 February 2021, the company reported deferring completion of the sale and leaseback transaction that was due to be completed on 20 January 2021. This is due to the unprecedented Covid-19 global pandemic, the Movement Control Orders in Malaysia and the lockdown in Hong Kong. Both parties have mutually agreed to defer completion, to be reviewed late February, which is permitted under the Sale and Purchase Agreement.

The company has declared an inaugural unfranked interim dividend of 0.18 cents (A\$0.0018) per share. The record (entitlement) date is 26 February 2021 and payment date is set for 31 March 2021.

No other matter or circumstance has arisen since 31 December 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 17. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of VIP Gloves Limited	<u>2,253,008</u>	<u>(995,700)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.30	(0.17)
Diluted earnings per share	0.29	(0.17)

**Note 17. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	745,656,435	602,248,460
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	38,000,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>783,656,435</u>	<u>602,248,460</u>

Share based payment expense for performance rights has not been included in the calculation of dilutive earnings per share as vesting conditions for the performance rights have not been achieved at reporting date.

**Note 18. Share-based payments**

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

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

Set out below are summaries of unlisted options granted under the plan:

	Number of options 31 Dec 2020	Weighted average exercise price 31 Dec 2020	Number of options 31 Dec 2019	Weighted average exercise price 31 Dec 2019
Outstanding at the beginning of the financial half-year	-	\$0.0000	-	\$0.0000
Granted	38,000,000	\$0.0450	-	\$0.0000
Outstanding at the end of the financial half-year	<u>38,000,000</u>	<u>\$0.0450</u>	<u>-</u>	<u>\$0.0000</u>

31 Dec 2020

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

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

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

	Number of rights 31 Dec 2020	Weighted average exercise price 31 Dec 2020	Number of rights 31 Dec 2019	Weighted average exercise price 31 Dec 2019
Outstanding at the beginning of the financial half-year	-	\$0.0000	-	\$0.0000
Granted	80,000,000	\$0.0000	-	\$0.0000
Outstanding at the end of the financial half-year	<u>80,000,000</u>	<u>\$0.0000</u>	<u>-</u>	<u>\$0.0000</u>

**Note 18. Share-based payments (continued)**

31 Dec 2020

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

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

40,000,000 Class A Performance Rights will vest upon the Company achieving monthly revenue of at least RM7,000,000 (approximately AU\$2,520,000) for 3 successive months. For the period July to December 2019, the Company's revenue was AU\$5,259,479 (equivalent to RM14,726,541 or monthly average of RM2,454,424). The Class A Performance Right milestone of RM7,000,000 per month therefore represents approximately 185% above previous sales revenue.

40,000,000 Class B Performance Rights will vest upon the Company achieving total nitrile gloves production capacity above 70,000,000 pieces per month. As at 1 May 2020, total production capacity for nitrile gloves was approximately 35,000,000 pieces per month based on two (2) Double-Former lines installed since August 2016. The Class B Performance Right milestone of 70,000,000 pieces per month therefore represents 2 times production capacity.

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

**VIP Gloves Limited**  
**Directors' declaration**  
**31 December 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Wee Min Chen  
Executive Director

10 February 2021

## Independent auditor's review report

### Report on the Review of the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of VIP Gloves Ltd (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of VIP Gloves Ltd is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibility of Management for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### ACCOUNTANTS & ADVISORS

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### **Auditor's Responsibilities for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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



**N. S. Benbow**  
Director

Melbourne, 10<sup>th</sup> February, 2021