

**VIP Gloves Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	VIP Gloves Limited
ABN:	83 057 884 876
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

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

			\$
Revenues from ordinary activities	down	78.0% to	10,597,008
Loss from ordinary activities after tax	down	246.7% to	(6,921,551)
Loss for the year	down	246.7% to	(6,921,551)

**Comments**

The loss for the consolidated entity after providing for income tax amounted to \$6,921,551 (30 June 2021: profit of \$4,717,409).

The loss result includes recognition of a share-based payment expense of \$697,150 relating to the issue of shares, options and performance rights.

The loss result includes a write-down of stock of \$472,729 due to cost of production being higher than net realisable value of stock.

The loss has been attributable to the impact of the Covid-19 pandemic on glove production in order to comply with Malaysian Control Orders, increased production costs in particular raw material and natural gas, increased logistics costs and logistics constraints, increased competition and supply of gloves in Malaysia and internationally and a decrease and normalising of average selling prices for nitrile gloves in the glove manufacturing sector.

COVID-19 resulted in the implementation of the Movement Control Order (**MCO**) in Malaysia since 18 March 2020 to curb the COVID-19 virus under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. All appropriate steps were taken to protect the health, safety and welfare of all employees, employee families, customers, suppliers, and the broader community. The Company introduced several operational protocols and steps to ensure the safety and well-being of all parties, as well as maintaining the ongoing operation of our facilities during the COVID-19 pandemic.

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

During the reporting period, the Company repaid in excess of \$83,149 of interest-bearing debt; and there was no repayment of the deposit received for the sale and leaseback transaction.

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

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

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

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

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.73	2.51

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

### 6. Dividends

#### *Current period*

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

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2021 paid during the current financial year.	0.050	-

#### *Previous period*

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2021 paid during the previous financial year	0.180	-

### 7. Dividend reinvestment plans

Not applicable.

### 8. Details of associates and joint venture entities

Not applicable.

### 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):* None; the financial statements are in the process of being audited.

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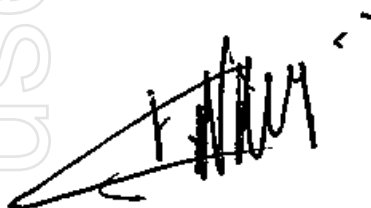
**11. Attachments**

*Details of attachments (if any):*

The unaudited Appendix 4E Financial statements of VIP Gloves Limited for the year ended 30 June 2022 are attached. The financial statements are in the process of being audited.

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**12. Signed**



Signed \_\_\_\_\_

Date: 30 August 2022

Dr Kai Fatt (Joe) Wong  
Chairman

# **VIP Gloves Limited**

**ABN 83 057 884 876**

## **Appendix 4E Financial Statements - 30 June 2022**

**VIP Gloves Limited**  
**Corporate directory**  
**30 June 2022**

**Directors**

Dr Kai Fatt (Joe) Wong - Non-Executive Chairman, Independent  
Chin Kar Yang – Managing Director  
Kay Wen Chen - Executive Director  
How Weng Chang – Non-Executive Director, Independent  
Peter Yee Ming Ng – Non-Executive Director, Independent  
Joanne King – Non-Executive Director, Independent

**Company secretary**

Andrew Metcalfe

**Registered office**

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

**Principal place of business**

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

**Share register**

Boardroom Limited  
Level 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  
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](http://www.vipglove.com.my)

## 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 year. The financial statements are presented in Australian dollars, which is VIP Gloves Limited's functional and presentation currency.

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

#### Registered office

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

#### Principal place of business

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

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2022. The Directors have the power to amend and reissue the financial statements.

**VIP Gloves Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue		10,597,008	48,123,312
Cost of goods sold		(15,641,785)	(28,958,206)
Gross (loss)/profit		(5,044,777)	19,165,106
Other income	4	231,209	32,577
Interest revenue		273	367
<b>Expenses</b>			
Employee benefits expense	5	(1,180,309)	(1,348,470)
Legal and professional fees		(324,062)	(309,339)
Impairment of inventory	5	(472,729)	-
Commissions		-	(146,075)
Movement in provision for expected credit losses	5	(16,259)	(83,864)
Administration expenses		(362,132)	(542,168)
Total expenses		(2,355,491)	(2,429,916)
<b>Profit/(loss) before depreciation and amortisation, finance costs, share-based payments and income tax (expense)/benefit</b>		(7,168,786)	16,768,134
Depreciation and amortisation expense	5	(162,346)	(145,556)
Loss on disposal of assets	5	(9,205)	-
Share-based payments		(697,150)	(7,544,044)
Finance costs	5	(99,947)	(208,089)
<b>Profit/(loss) before income tax (expense)/benefit</b>		(8,137,434)	8,870,445
Income tax (expense)/benefit		1,215,883	(4,153,036)
<b>Profit/(loss) after income tax (expense)/benefit for the year</b>		(6,921,551)	4,717,409
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		486,955	(840,318)
Other comprehensive income for the year, net of tax		486,955	(840,318)
<b>Total comprehensive income for the year</b>		(6,434,596)	3,877,091
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	18	(0.88)	0.62
Diluted earnings per share	18	(0.88)	0.59

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**VIP Gloves Limited**  
**Statement of financial position**  
**As at 30 June 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	15,884	1,691,921
Trade and other receivables	7	519,892	785,858
Inventories	8	853,669	5,949,363
Term deposits		842,115	792,878
Income tax refund due		1,666,300	-
Prepayments		110,241	103,834
Total current assets		<u>4,008,101</u>	<u>9,323,854</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	17,090,275	17,777,117
Total non-current assets		<u>17,090,275</u>	<u>17,777,117</u>
<b>Total assets</b>		<u>21,098,376</u>	<u>27,100,971</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	3,873,817	3,120,410
Contract liabilities	11	531,480	157,601
Other financial liabilities	12	1,624,045	1,532,741
Income tax		-	525,482
Total current liabilities		<u>6,029,342</u>	<u>5,336,234</u>
<b>Non-current liabilities</b>			
Other financial liabilities	13	1,437,526	1,548,796
Deferred tax		-	500,131
Total non-current liabilities		<u>1,437,526</u>	<u>2,048,927</u>
<b>Total liabilities</b>		<u>7,466,868</u>	<u>7,385,161</u>
<b>Net assets</b>		<u><u>13,631,508</u></u>	<u><u>19,715,810</u></u>
<b>Equity</b>			
Issued capital	14	21,669,410	21,615,410
Reserves		3,245,390	2,686,650
Accumulated losses		(11,283,292)	(4,586,250)
<b>Total equity</b>		<u><u>13,631,508</u></u>	<u><u>19,715,810</u></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 year ended 30 June 2022**

<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 year	-	-	-	4,717,409	4,717,409
Other comprehensive income for the year, net of tax	-	-	(840,318)	-	(840,318)
Total comprehensive income for the year	-	-	(840,318)	4,717,409	3,877,091
<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 ( )	-	7,544,044	-	-	7,544,044
Conversion of options and share-based payment to ordinary shares (note 14)	3,260,189	(3,250,064)	-	-	10,125
Dividends paid (note 16)	-	-	-	(1,167,749)	(1,167,749)
Balance at 30 June 2021	<u>21,615,410</u>	<u>4,293,980</u>	<u>(1,607,330)</u>	<u>(4,586,250)</u>	<u>19,715,810</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 2021	21,615,410	4,293,980	(1,607,330)	(4,586,250)	19,715,810
Loss after income tax benefit for the year	-	-	-	(6,921,551)	(6,921,551)
Other comprehensive income for the year, net of tax	-	-	486,955	-	486,955
Total comprehensive income for the year	-	-	486,955	(6,921,551)	(6,434,596)
<i>Transactions with owners in their capacity as owners:</i>					
Vesting of share-based payments ( )	54,000	643,150	-	-	697,150
Transfer of cancelled share-based payments (note )	-	(571,365)	-	571,365	-
Dividends paid (note 16)	-	-	-	(346,856)	(346,856)
Balance at 30 June 2022	<u>21,669,410</u>	<u>4,365,765</u>	<u>(1,120,375)</u>	<u>(11,283,292)</u>	<u>13,631,508</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 year ended 30 June 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		11,478,394	45,193,980
Payments to suppliers and employees		(10,760,110)	(35,514,716)
		718,284	9,679,264
Interest received		273	1,272
Interest and other finance costs paid		(99,945)	(289,876)
Income taxes paid		(1,474,643)	(2,912,702)
Net cash from/(used in) operating activities		(856,031)	6,477,958
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	(460,540)	(3,578,401)
Deposit received for sale and leaseback transaction		-	2,332,483
Refund of deposit received for sale and leaseback transaction		-	(1,631,925)
Proceeds from disposal of property, plant and equipment		2,279	-
Net cash used in investing activities		(458,261)	(2,877,843)
<b>Cash flows from financing activities</b>			
Proceeds from deposit for convertible notes not yet issued		98,837	-
Proceeds from exercise of options		-	10,125
Share issue transaction costs	14	-	(200,877)
Dividends paid	16	(346,856)	(1,167,749)
Repayment of borrowings and term loan		(157,958)	(758,212)
Proceeds from / (repayment) of borrowings from related parties		15,232	(110,756)
Repayment of convertible notes		-	(570,000)
Net cash used in financing activities		(390,745)	(2,797,469)
Net increase/(decrease) in cash and cash equivalents		(1,705,037)	802,646
Cash and cash equivalents at the beginning of the financial year		1,691,921	960,218
Effects of exchange rate changes on cash and cash equivalents		29,000	(70,943)
Cash and cash equivalents at the end of the financial year	6	<u>15,884</u>	<u>1,691,921</u>

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

**Note 1. Significant accounting policies**

**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.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of VIP Gloves Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. VIP Gloves Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

**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.

*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.

**Note 2. Critical accounting judgements, estimates and assumptions**

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

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Provision for impairment of inventories*

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

*Estimation of useful lives of assets*

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

*Impairment of property, plant and equipment*

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The consolidated entity engaged an independent accredited valuation firm to undertake a fair value assessment of land and buildings, and a separate independent assessment to value the plant and equipment. Both independent assessments of land and property, plant and equipment returned values greater than the values currently reported in the consolidated entity's statement of financial position, and no impairment of land and property, plant and equipment was required.

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

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Carry forward tax losses have not been recognised in the Company's financial statements due to the low average selling prices, the current low operating margins and increased competition in the glove manufacturing business such that the Company cannot predict when the tax losses will be utilised.

**Note 3. Operating segments**

*Identification of reportable operating segments*

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

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

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

	Malaysia \$	Australia \$	elimination / unallocated \$	Total \$
<b>Consolidated - 30 June 2022</b>				
<b>Revenue</b>				
Sales to external customers	10,597,008	-	-	10,597,008
Interest revenue	273	-	-	273
<b>Total revenue</b>	<u>10,597,281</u>	<u>-</u>	<u>-</u>	<u>10,597,281</u>
<b>EBITDA</b>	(5,276,415)	(1,137,325)	-	(6,413,740)
Depreciation and amortisation	(1,624,020)	-	-	(1,624,020)
Interest revenue	273	-	-	273
Finance costs	-	-	(99,947)	(99,947)
<b>Loss before income tax benefit</b>	<u>(6,900,162)</u>	<u>(1,137,325)</u>	<u>(99,947)</u>	<u>(8,137,434)</u>
Income tax benefit				1,215,883
<b>Loss after income tax benefit</b>				<u>(6,921,551)</u>
<b>Assets</b>				
Segment assets	<u>21,097,053</u>	<u>7,518,036</u>	<u>(7,516,713)</u>	<u>21,098,376</u>
<b>Total assets</b>				<u>21,098,376</u>
<b>Liabilities</b>				
Segment liabilities	<u>7,175,411</u>	<u>291,457</u>	<u>-</u>	<u>7,466,868</u>
<b>Total liabilities</b>				<u>7,466,868</u>

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

<b>Consolidated - 30 June 2021</b>	Malaysia \$	Australia \$	elimination / unallocated \$	Total \$
<b>Revenue</b>				
Sales to external customers	48,123,312	-	-	48,123,312
Interest revenue	366	-	1	367
<b>Total revenue</b>	<u>48,123,678</u>	<u>-</u>	<u>1</u>	<u>48,123,679</u>
<b>EBITDA</b>	12,301,615	(1,969,182)	-	10,332,433
Depreciation and amortisation	(1,254,266)	-	-	(1,254,266)
Interest revenue	366	-	1	367
Finance costs	-	-	(208,089)	(208,089)
<b>Profit/(loss) before income tax expense</b>	<u>11,047,715</u>	<u>(1,969,182)</u>	<u>(208,088)</u>	<u>8,870,445</u>
Income tax expense				(4,153,036)
<b>Profit after income tax expense</b>				<u>4,717,409</u>
<b>Assets</b>				
Segment assets	<u>27,047,730</u>	<u>7,569,954</u>	<u>(7,516,713)</u>	<u>27,100,971</u>
<b>Total assets</b>				<u>27,100,971</u>
<b>Liabilities</b>				
Segment liabilities	<u>7,336,707</u>	<u>48,454</u>	<u>-</u>	<u>7,385,161</u>
<b>Total liabilities</b>				<u>7,385,161</u>

**Note 4. Other income**

	<b>Consolidated 30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Net foreign exchange gain	13,853	509
Other revenue <sup>1</sup>	<u>217,356</u>	<u>32,068</u>
Other income	<u>231,209</u>	<u>32,577</u>

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

**VIP Gloves Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 5. Expenses**

**Consolidated**  
**30 June 2022   30 June 2021**  
**\$                      \$**

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

*Depreciation*

Motor vehicles	49,436	35,275
Office equipment	13,452	12,007
Leasehold buildings	16,084	15,193
Land right-of-use assets	83,373	83,081

Total depreciation	162,345	145,556
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*Depreciation included in cost of goods sold*

Plant and equipment	1,461,675	1,108,711
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Total depreciation and amortisation	1,624,020	1,254,267
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*Provision for impairment*

Impairment of inventories	472,729	-
Provision for expected credit losses	16,259	83,864

Total impairment	488,988	83,864
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*General and administrative expenses*

Employee wages and related costs	332,793	681,997
Directors fees	847,516	666,473
Auditors fees	99,435	64,075
Other administration expenses	362,132	542,168

Total general and administrative expenses	1,641,876	1,954,713
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*Share-based payments - equity based performance bonus granted to senior management, directors and key management personnel*

Shares	54,000	-
Options	7,181	1,699,740
Performance rights	635,969	5,844,304

Total Share-based payment expenses	697,150	7,544,044
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*Finance costs*

Interest and finance charges paid/payable on borrowings	99,947	163,358
Other	-	44,731

Finance costs expensed	99,947	208,089
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*Net loss on disposal*

Net loss on disposal of property, plant and equipment	9,205	-
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**Note 6. Current assets - cash and cash equivalents**

**Consolidated**  
**30 June 2022   30 June 2021**  
**\$                      \$**

Cash at bank	15,884	1,691,921
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**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	702,153	862,754
Less: Allowance for expected credit losses	(238,769)	(83,864)
	<u>463,384</u>	<u>778,890</u>
Other receivables	56,508	6,968
	<u>519,892</u>	<u>785,858</u>

**Note 8. Current assets - inventories**

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

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



**Note 9. Non-current assets - property, plant and equipment**

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

\* Capital Works in progress represents the new glove production lines 7 & 8 under construction.

**Note 10. Current liabilities - trade and other payables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables	3,152,860	2,331,091
Other payables and accruals	720,957	789,319
	<u><u>3,873,817</u></u>	<u><u>3,120,410</u></u>

**Note 11. Current liabilities - contract liabilities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Contract liabilities*	<u><u>531,480</u></u>	<u><u>157,601</u></u>

\* Sales proceeds received in advance of delivery of product.

**Note 12. Current liabilities - other financial liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Term loans	155,408	155,330
Amounts payable to related parties	19,027	64,066
Deposit for convertible notes	98,837	-
Deposit received for sale and leaseback transaction	1,350,773	1,313,345
	<u>1,624,045</u>	<u>1,532,741</u>

**Note 13. Non-current liabilities - other financial liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Term loans	<u>1,437,526</u>	<u>1,548,796</u>

**Note 14. Equity - issued capital**

	<b>Consolidated</b>			
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>786,781,435</u>	<u>785,881,435</u>	<u>21,669,410</u>	<u>21,615,410</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2020	745,656,435		18,556,098
Issue of shares - conversion of options	7 Jan 2021	225,000	\$0.0450	10,125
Issue of shares - conversion of performance rights	16 Mar 2021	40,000,000	\$0.0813	3,250,064
Capital raising costs		-	\$0.0000	(200,877)
Balance	30 June 2021	785,881,435		21,615,410
Issue of shares as consideration for investor relations services	31 Dec 2021	900,000	\$0.0600	54,000
Balance	30 June 2022	<u>786,781,435</u>		<u>21,669,410</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

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

**Note 14. Equity - issued capital (continued)**

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

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

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

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

The capital risk management policy remains unchanged from the 2021 Financial Report.

**Note 15. Equity - options and performance rights**

Options  
30 June 2022 - Unlisted

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

Performance rights  
30 June 2022 - Unlisted

Expiry date	Exercise price \$	Outstanding at 1 Jul 2020	Issued during year	Exercised during year	Lapsed during year	Outstanding at 30 Jun 2021
31/10/2023	\$0.0000	40,000,000	-	-	-	40,000,000

**Note 16. Equity - dividends**

Dividends paid during the financial year were as follows:

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

**Note 17. 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:

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

**Note 18. Earnings per share**

	Consolidated	
	30 June 2022 \$	30 June 2021 \$
Profit/(loss) after income tax	(6,921,551)	4,717,409
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.88)	0.62
Diluted earnings per share	(0.88)	0.59
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	787,230,202	757,490,339
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	37,775,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>787,230,202</u>	<u>795,265,339</u>

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