

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 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	92.7% to	440,676
Loss from ordinary activities after tax	down	165.6% to	(12,789,781)
Loss for the half-year	down	165.6% to	(12,789,781)

Comments

The loss for the consolidated entity after providing for income tax amounted to \$12,789,781 (31 December 2021: \$4,815,879).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	1.67

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.

Previous period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2021	0.05	-

7. Details of associates and joint venture entities

Not applicable.

8. 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 which includes a Material Uncertainty Relating Going Concern is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of VIP Gloves Limited for the half-year ended 31 December 2022 is attached.

10. Signed

Signed



Chin Kar YANG
Director
Melbourne

Date: 28 February 2024

VIP Gloves Limited

ABN 83 057 884 876

Interim Report - 31 December 2022

VIP Gloves Limited
Corporate directory
31 December 2022

Directors	Chin Kar YANG - Managing Director Kay Wen CHEN - Executive Director Alfonso Hin Ming CHU - Non-Executive Director, Independent Gang ZHOU - Non-Executive Director, Independent Hui ZHOU - Non-Executive Director, Independent
Company secretary	Mark William Maine
Registered office	C/- Accosec & Associates Level 26 360 Collins Street Melbourne VIC 3000 Australia
Principal place of business	No. 17 Jalan Perusahaan 1, Kawasan Perusahaan, Beranang 43700 Beranang, Selangor Darul Ehsan Malaysia
Share register	Boardroom Limited Level 8, 210 George Street Sydney NSW 2000 Investor phone number: (Australia) 1300 737 760 Investor phone number: (Overseas) +61 (0) 2 9290 9600
Auditor	William Buck 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
31 December 2022

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 2022.

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:

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

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated
	31 Dec 22 31 Dec 21
	\$ \$
Final dividend for the year ended 30 June 2021 of 0.05 cents per share	<u> - 346,856</u>

The Company's dividend policy is a dividend payout ratio of between 20% and 40% of earnings before significant items, subject to the Company's financial position.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$12,789,781 (31 December 2021: \$4,815,879).

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 \$78,000 of interest-bearing debt; and there was no repayment of the deposit received for the original sale and leaseback transaction which occurred during the year ended 30 June 2021.

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 legal action was heard in December 2022 and a case management hearing is set for May 2023. Following this date, the matter has now been set aside to be reverted to the High Court.

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

Significant changes in the state of affairs

During the reporting period, work continued on completing the new line 7 and 8 production lines. Delays in completing the construction and commissioning of both lines during the reporting period has been largely due to the unavailability of labour and materials as a result of the Covid-19 pandemic restrictions which is outside of the control of the Company. Line 7 construction was completed however it was not commissioned due to cessation of glove manufacturing operations. Completion of line 8 has been deferred due to reduced demand for gloves and the ability to supply gloves to overseas markets due to logistics issues caused by the COVID pandemic, and current low average selling prices.

As at 31 December 2022, in-response to softening demand for product and high production costs, the directors impaired to \$nil the value of its plant and equipment. An impairment charge of \$9,927,635 was taken to the profit or loss result.

Matters subsequent to the end of the financial half-year

On 7 February 2023 the Company announced that its securities were suspended from quotation pending the release of an announcement regarding a proposed transaction.

On 13 February 2023 the Company announced that through its two wholly owned Malaysian subsidiaries it had executed a sale agreement for the sale of land and buildings to Intergrasi Sdn Berhad (an unrelated Malaysian company) for (MYR) 17 Million (AUD \$5.61 million); and simultaneously executed a tenancy agreement with Intergrasi Sdn Berhad (Leaseback).

On 13 February 2023 Director Peter Yee Ming Ng resigned and the Company announced that the suspension from quotation will continue pending the appointment of sufficient directors to comply with section 201A(2) of the Corporations Act 2001.

Director Joanne King resigned on 20 February 2023.

On 6 March 2023 the Company announced that 40 million performance rights and 25 million unlisted options (expiring 23 October 2023 at exercise price of \$0.045) had been cancelled.

On 20 March 2023 the Company announced that through its two wholly owned Malaysian subsidiaries it had executed a sale and purchase agreement (SPA) for the sale of the vacant land adjoining the existing factory site to Target Precast Industries Sdn Bhd (TPI) (an unrelated Malaysian company) for MYR 7,952,313 (AUD\$ 2.65 million).

Director How Weng Chang resigned on 1 April 2023.

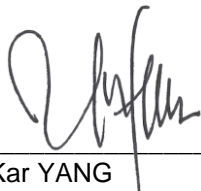
With exception to movements in the Board disclosed above and matters discussed under Going Concern in a note to the financial statements, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, 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



Chin Kar YANG
Director

28 February 2024

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 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, 28 February 2024

VIP Gloves Limited

Contents

31 December 2022

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 the date of signing the attached Directors' Declaration.

VIP Gloves Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated 31 Dec 22 \$	31 Dec 21 \$
Revenue			
Revenue	3	440,676	6,014,021
Cost of goods sold		(2,081,619)	(9,315,029)
Gross profit/(loss)		(1,640,943)	(3,301,008)
Other income		28,571	97,794
Interest revenue		-	238
Expenses			
Employee benefits expense		(494,966)	(569,087)
Legal and professional fees		(265,179)	(155,557)
Foreign exchange losses		(4,513)	-
Writeback / (impairment) of inventory		78,763	(312,934)
Movement in provision for expected credit losses		(43,523)	-
Administration expenses		(353,532)	(221,807)
Depreciation and amortisation expense		(81,835)	(81,110)
Impairment of plant and equipment	4	(9,927,635)	-
Loss on disposal of assets		-	(9,117)
Share-based payments		-	(697,150)
Finance costs		(84,989)	(51,617)
Total expenses		(11,177,409)	(2,098,379)
Loss before income tax benefit		(12,789,781)	(5,301,355)
Income tax benefit		-	485,476
Loss after income tax benefit for the half-year		(12,789,781)	(4,815,879)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation of foreign operations		13,319	544,959
Other comprehensive income for the half-year, net of tax		13,319	544,959
Total comprehensive income for the half-year		<u>(12,776,462)</u>	<u>(4,270,920)</u>
		Cents	Cents
Basic and diluted loss per share		(1.62)	(0.61)

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 2022

		Consolidated	
	Note	31 Dec 22	30 Jun 22
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		31,348	15,884
Trade and other receivables		56,974	59,337
Inventories		-	853,669
Term deposits		692,151	842,115
Income tax refund due		1,084,353	2,180,450
Prepayments		83,123	110,241
Total current assets		<u>1,947,949</u>	<u>4,061,696</u>
Non-current assets			
Property, plant and equipment	4	<u>6,500,402</u>	<u>17,090,275</u>
Total non-current assets		<u>6,500,402</u>	<u>17,090,275</u>
Total assets		<u>8,448,351</u>	<u>21,151,971</u>
Liabilities			
Current liabilities			
Trade and other payables	5	3,461,004	3,873,817
Contract liabilities		318,254	531,480
Financial liabilities	6	2,392,179	1,624,045
Income tax payable		501,907	514,150
Total current liabilities		<u>6,673,344</u>	<u>6,543,492</u>
Non-current liabilities			
Financial liabilities	6	<u>1,380,516</u>	<u>1,437,526</u>
Total non-current liabilities		<u>1,380,516</u>	<u>1,437,526</u>
Total liabilities		<u>8,053,860</u>	<u>7,981,018</u>
Net assets		<u>394,491</u>	<u>13,170,953</u>
Equity			
Issued capital		21,669,410	21,669,410
Reserves		3,253,533	3,240,214
Accumulated losses		<u>(24,528,452)</u>	<u>(11,738,671)</u>
Total equity		<u>394,491</u>	<u>13,170,953</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 2022

Consolidated	Issued capital \$	Share-based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	21,615,410	4,293,980	(1,607,330)	(4,586,250)	19,715,810
Loss after income tax benefit for the half-year	-	-	-	(4,815,879)	(4,815,879)
Other comprehensive income for the half-year, net of tax	-	-	544,959	-	544,959
Total comprehensive income for the half-year	-	-	544,959	(4,815,879)	(4,270,920)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 18)	54,000	643,150	-	-	697,150
Transfer of cancelled share-based payments (note 18)	-	(571,365)	-	571,365	-
Dividends paid (note 13)	-	-	-	(346,856)	(346,856)
Balance at 31 December 2021	<u>21,669,410</u>	<u>4,365,765</u>	<u>(1,062,371)</u>	<u>(9,177,620)</u>	<u>15,795,184</u>

Consolidated	Issued capital \$	Share-based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	21,669,410	4,365,765	(1,125,551)	(11,738,671)	13,170,953
Loss after income tax expense for the half-year	-	-	-	(12,789,781)	(12,789,781)
Other comprehensive income for the half-year, net of tax	-	-	13,319	-	13,319
Total comprehensive income for the half-year	-	-	13,319	(12,789,781)	(12,776,462)
Balance at 31 December 2022	<u>21,669,410</u>	<u>4,365,765</u>	<u>(1,112,232)</u>	<u>(24,528,452)</u>	<u>394,491</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 2022

	Consolidated	
Note	31 Dec 22	31 Dec 21
	\$	\$
Cash flows from operating activities		
Receipts from customers	191,877	6,467,103
Payments to suppliers and employees	(1,834,423)	(5,643,848)
	(1,642,546)	823,255
Interest received	-	238
Interest and other finance costs paid	(450,675)	(51,617)
Income taxes received/ (paid)	1,092,868	(1,436,132)
	(1,000,353)	(664,256)
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(3,444)	(186,900)
Proceeds from disposal of property, plant and equipment	-	2,281
	(3,444)	(184,619)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from borrowings	1,097,376	-
Dividends paid	-	(346,856)
Repayment of term loans	(77,724)	(83,149)
Proceeds from / (repayment) of borrowings from related parties	(852)	1,938
	1,018,800	(428,067)
Net cash from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	15,003	(1,276,942)
Cash and cash equivalents at the beginning of the financial half-year	15,884	1,691,921
Effects of exchange rate changes on cash and cash equivalents	461	34,958
	31,348	449,937
Cash and cash equivalents at the end of the financial half-year		

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 2022 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 2022 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 mandatory have had 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 loss of \$12,789,781 and had net cash outflows from operating activities of \$1,000,353 for the half year ended 31 December 2022. As at that date, the consolidated entity had a deficiency of net current liabilities of \$4,725,395).

These conditions above indicate that a material uncertainty exists that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business. The ability to minimize future losses and return to profitability is dependent upon a number of factors including expansion into new markets and the supply of gloves with greater margins, a return to normalised average selling prices across the glove manufacturing industry, reducing operating costs particularly labour costs, and seeking new opportunities for the Company.

The Directors believe there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The consolidated entity has initiated a cost reduction process, which has seen its monthly cash outflows substantially reduce in the period from 31 December 2022 through to today's date;
- Since 31 December 2022 the consolidated entity has sharply reduced its cost of corporate overheads. As at the date of signing this report, the directors and management have written to the company of their intention to not call upon amounts owing or contractually entitled to them for the foreseeable future until such point in time that such a payment does not jeopardise the consolidated entity's reserve of working capital;
- In February 2023 the consolidated entity completed a sale and leaseback transaction, which netted in approximately MYR 17m which was used to retire its current borrowing arrangements;
- The consolidated entity announced in March 2023 a proposed sale of land adjoining its production premises. This sale contract is expected to close in the coming months and will net in approximately \$AUD 2.6m; and
- Finally, as an ASX-listed entity, the directors may seek opportunities to diversify its product range and its scope of operations, for which they may seek to raise capital from existing and new shareholders.

Note 1. Significant accounting policies (continued)

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.

Operating segment information

	Malaysia \$	Australia \$	Intersegment eliminations / unallocated \$	Total \$
Consolidated - 31 December 2022				
Revenue				
Sales to external customers	440,676	-	-	440,676
Total revenue	440,676	-	-	440,676
EBITDA	(11,810,757)	(128,137)	-	(11,938,890)
Depreciation and amortisation	(765,902)	-	-	(765,902)
Finance costs	-	-	(84,989)	(84,989)
Loss before income tax expense	(12,576,659)	(128,137)	(84,989)	(12,789,781)
Income tax expense				-
Loss after income tax expense				(12,789,781)
Assets				
Segment assets	8,447,900	7,517,164	(7,516,713)	8,448,351
Total assets				8,448,351
Liabilities				
Segment liabilities	7,639,224	414,636	-	8,053,860
Total liabilities				8,053,860

Note 2. Operating segments (continued)

	Malaysia \$	Australia \$	Intersegment eliminations / unallocated \$	Total \$
Consolidated - 31 December 2021				
Revenue				
Sales to external customers	6,014,021	-	-	6,014,021
Interest revenue	238	-	-	238
Total revenue	<u>6,014,259</u>	<u>-</u>	<u>-</u>	<u>6,014,259</u>
EBITDA	(3,366,386)	(1,071,092)	-	(4,437,478)
Depreciation and amortisation	(812,498)	-	-	(812,498)
Interest revenue	238	-	-	238
Finance costs	-	-	(51,617)	(51,617)
Loss before income tax benefit	<u>(4,178,646)</u>	<u>(1,071,092)</u>	<u>(51,617)</u>	<u>(5,301,355)</u>
Income tax benefit				485,476
Loss after income tax benefit				<u>(4,815,879)</u>
Consolidated - 30 June 2022				
Assets				
Segment assets	21,150,648	7,518,036	(7,516,713)	21,151,971
Total assets				<u>21,151,971</u>
Liabilities				
Segment liabilities	7,689,561	291,457	-	7,981,018
Total liabilities				<u>7,981,018</u>

Note 3. Revenue

Disaggregation of revenue

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

	Consolidated	
	31 Dec 22	31 Dec 21
	\$	\$
<i>Major product lines</i>		
Nitrile gloves – VIP Glove Sdn Bhd	<u>440,676</u>	<u>6,014,021</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 consolidated revenues:

	Consolidated 31 Dec 2022 %	31 Dec 2021 %
Customer #1	25%	7%
Customer #2	22%	9%
Customer #3	12%	33%
Customer #4	5%	16%
Customer #5	2%	11%

Note 4. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 22	30 Jun 22
	\$	\$
Plant and equipment - at cost	14,108,058	13,896,574
Less: Accumulated depreciation	(5,713,999)	(4,944,457)
Less: Impairment***	(8,394,059)	(129,850)
	<u>-</u>	<u>8,822,267</u>
Motor vehicles – at cost	253,796	249,992
Less: Accumulated depreciation	(117,642)	(90,880)
	<u>136,154</u>	<u>159,112</u>
Office equipment – at cost	138,507	135,789
Less: Accumulated depreciation	(75,862)	(68,218)
	<u>62,645</u>	<u>67,571</u>
Leasehold buildings**	1,761,340	1,746,305
Less: Accumulated depreciation	(143,816)	(133,512)
	<u>1,617,524</u>	<u>1,612,793</u>
Capital works in progress*	1,813,866	1,786,676
Less: Impairment***	(1,813,866)	-
	<u>-</u>	<u>1,786,676</u>
Right of use assets – land and buildings**	5,365,090	5,270,497
Less: Accumulated depreciation	(681,011)	(628,641)
	<u>4,684,081</u>	<u>4,641,856</u>
	<u>6,500,402</u>	<u>17,090,275</u>

*Capital works in progress relate to a glove new production line 8 under construction. Furthermore, both lines 7 and 8, as reported in the Directors' report, ceased operations in the period. Both the capital in works and existing plant and equipment were assessed by directors as at 31 December 2022 to be impaired on the basis of consistent and recurring negative cash flows arising from production of nitrile rubber gloves.

**In assessing impairment of land and buildings, the directors considered the fair value of the land and buildings against current market valuations, which, as disclosed in the going concern note, post 31 December 2022, were liquidated or are contracted to be sold at prices that exceed their carrying values.

*** As at 31 December 2022, in-response to softening demand for product and high production costs, the directors impaired to \$nil the value of its plant and equipment. An impairment charge of \$9,927,635 was taken to the profit or loss result.

Note 5. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 22	30 Jun 22
	\$	\$
Trade payables	2,354,029	2,898,574
Amounts payable to directors and key management personnel	354,429	254,286
Other payables and accruals	<u>752,546</u>	<u>720,957</u>
	<u>3,461,004</u>	<u>3,873,817</u>

Note 6. Current liabilities - Financial liabilities

	Consolidated	
	31 Dec 22	30 Jun 22
	\$	\$
<i>Current</i>		
Term loan	157,773	155,408
Amounts payable to related parties	20,104	19,027
Other loans	742,632	-
Convertible notes payable	100,341	98,837
Deposit received for sale and leaseback transaction	1,371,329	1,350,773
	<u>2,392,179</u>	<u>1,624,045</u>
<i>Non-current</i>		
Term loans	<u>1,380,516</u>	<u>1,437,526</u>
	<u><u>3,772,695</u></u>	<u><u>3,061,571</u></u>

Term loan

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

Other loans

These non-related party loans, for MYR 3,300,000 are unsecured, subject to interest rate charges of between 0.00% - 1.00% per month, repayable within the next 12 months and have no equity conversion features.

Convertible notes

These 100,0000 unlisted and unsecured redeemable convertible notes have a face value of \$1.00, are unrestricted, and have fixed interest rate of 9.0% per annum payable annually with the first interest payment due at maturity on 30 April 2023. The notes convert at the higher of 2.5 cents per share or the 5-day weighted price of the Company's shares as traded on the ASX.

Deposit received for sale and leaseback transaction

This deposit, for MYR 4,100,000 arose on 16 January 2020, when the Company entered into sales and purchase agreement with DC Glove Sdn Bhd ("buyer") to sell the land and building to the buyer amounting to MYR 29 Million. Subsequent to this date, the buyer and the Company mutually agreed to rescind and revoke the Agreement and both parties has signed the Deed of Revocation on 17 February 2021. The Company agreed to refund the deposits to the buyer and the parties agree to revoke and rescind the Agreement with effect from the date of Deed of Revocation.

Note 7. Contingent liabilities

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

On 25 October 2021 the Company was successful in its application to strikeout the action and on 26 November 2021 the Company announced that the Plaintiff had lodged an appeal. The legal action was heard in December 2022 and a case management hearing was set for May 2023. Following this date, the matter has now been set aside to be reverted to the High Court.

It is not practicable to provide an estimate of the financial effect of the legal action as it cannot be predicted given the level of uncertainty.

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

Note 8. Commitments

The consolidated entity ceased construction of glove manufacturing lines 7 and 8 during the financial half-year. Committed capital expenditure at 31 December 2022 is \$NIL (June 2022: \$1,242,716). Planned capital expenditure not yet committed at 31 December 2022 is \$NIL (June 2022: \$NIL).

Note 9. Events after the reporting period

On 7 February 2023 the Company announced that its securities were suspended from quotation pending the release of an announcement regarding a proposed transaction.

On 13 February 2023 the Company announced that through its two wholly owned Malaysian subsidiaries it had executed a sale agreement for the sale of land and buildings to Intergrasi Sdn Berhad (an unrelated Malaysian company) for (MYR) 17 Million (AUD \$5.61 million); and simultaneously executed a tenancy agreement with Intergrasi Sdn Berhad (Leaseback).

On 13 February 2023 Director Peter Yee Ming Ng resigned and the Company announced that the suspension from quotation will continue pending the appointment of sufficient directors to comply with section 201A(2) of the Corporations Act 2001.

Director Joanne King resigned on 20 February 2023.

On 6 March 2023 the Company announced that 40 million performance rights and 25 million unlisted options (expiring 23 October 2023 at exercise price of \$0.045) had been cancelled.

On 20 March 2023 the Company announced that through its two wholly owned Malaysian subsidiaries it had executed a sale and purchase agreement (SPA) for the sale of the vacant land adjoining the existing factory site to Target Precast Industries Sdn Bhd (TPI) (an unrelated Malaysian company) for MYR 7,952,313 (AUD\$ 2.65 million).

Director How Weng Chang resigned on 1 April 2023.

With exception to movements in the Board disclosed in the directors' report and matters discussed under Going Concern in a note to the financial statements, no other matter or circumstance has arisen since 31 December 2022 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.

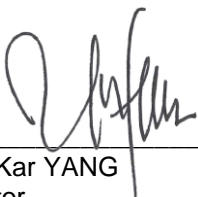
VIP Gloves Limited
Directors' declaration
31 December 2022

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 2022 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



Chin Kar YANG
Director

28 February 2024

VIP Gloves Limited 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 Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, 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 Limited 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 2022 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 consolidated entity in accordance with the ethical requirements of the *Corporations Act 2001* and 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.

Material uncertainty relating to Going Concern

We draw attention to Note 1 to the financial report, which describes that for the half-year ended 31 December 2022 the consolidated entity incurred a loss of \$12,789,781 and net cash outflows from operating activities of \$1,000,353. As at that date, the consolidated entity also had net current liabilities of \$4,725,395. These conditions, along with other matters set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Directors 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.

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 consolidated entity's financial position as at 31 December 2022 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

N. S. Benbow
Director
Melbourne, 28 February 2024