

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 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	17.1% to	13,696,465
Profit from ordinary activities after tax	up	102.4% to	116,056
Profit for the year	up	102.4% to	116,056

Comments

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

The profit is due to an increase in demand for nitrile gloves, particularly in the 4th quarter of the financial year, and a reversal of impairment of inventory amounting to \$290,721 (2019: Impairment was \$2,115,570) associated with the Company's former conveyor chain parts manufacturing operations undertaken by KLE Products; and impairment of receivables amounting to \$5,685 (2019: \$205,902).

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

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

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

The Company entered into a transaction for the sale of its land and buildings in Malaysia for MYR29 million (AUD\$10.3 million), and leaseback of same following completion of the sale transaction

An increase in revenue from nitrile glove production is expected to continue into FY21 as the Company improves operating efficiencies from the current nitrile glove manufacturing operations with the commissioning of the additional nitrile glove production lines.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.29	1.05

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

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

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):

The financial statements are in the process of being audited.

11. Attachments

Details of attachments (if any):

The Appendix 4E - Financial Statements of VIP Gloves Limited for the year ended 30 June 2020 is attached.

VIP Gloves Limited
Appendix 4E
Preliminary final report

12. Signed



Signed _____

Dr Kai Fatt (Joe) Wong
Chairman

Date: 31 August 2020

For personal use only

VIP Gloves Limited

ABN 83 057 884 876

Appendix 4E - Financial Statements - 30 June 2020

VIP Gloves Limited
Corporate directory
30 June 2020

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

VIP Gloves Limited

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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/- Compass Offices
Level 26
360 Collins Street
Melbourne VIC 3000
Australia

Principal place of business

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

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 31 August 2020. The Directors have the power to amend and reissue the financial statements.

VIP Gloves Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

		Consolidated	
	Note	30 June 2020	30 June 2019
		\$	\$
Revenue			
Revenue		13,696,465	11,691,611
Cost of goods sold		<u>(11,488,623)</u>	<u>(11,956,689)</u>
Gross (loss) / profit		<u>2,207,842</u>	<u>(265,078)</u>
Other income	4	46,035	359,405
Interest revenue		8,859	6,814
Expenses			
Employee benefits expense		(956,818)	(652,284)
Depreciation and amortisation expense	5	(93,219)	(113,549)
Impairment of property, plant & equipment	5	-	(297,933)
Loss on disposal of assets		-	(10,078)
Impairment of inventory	5	290,721	(2,115,570)
Legal and professional fees		(223,554)	(332,704)
Foreign exchange losses		(12,419)	-
Provision for expected credit losses	5	(5,685)	(205,902)
Administration expenses		(1,030,214)	(476,532)
Finance costs	5	<u>(511,128)</u>	<u>(693,898)</u>
Total expenses		<u>(2,542,316)</u>	<u>(4,898,450)</u>
Loss before income tax benefit		(279,580)	(4,797,309)
Income tax benefit		<u>395,636</u>	<u>-</u>
Profit/(loss) after income tax benefit for the year		116,056	(4,797,309)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(301,540)</u>	<u>(90,425)</u>
Other comprehensive income for the year, net of tax		<u>(301,540)</u>	<u>(90,425)</u>
Total comprehensive income for the year		<u><u>(185,484)</u></u>	<u><u>(4,887,734)</u></u>
		Cents	Cents
Basic earnings per share	18	0.02	(1.04)
Diluted earnings per share	18	0.02	(1.04)

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

VIP Gloves Limited
Statement of financial position
As at 30 June 2020

		Consolidated	
	Note	30 June 2020	30 June 2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	2,052,895	54,443
Trade and other receivables	7	467,032	886,782
Inventories	8	665,441	880,351
Term deposits		505,681	307,908
Other		174,644	62,621
		<u>3,865,693</u>	<u>2,192,105</u>
Non-current assets classified as held for sale	9	3,093,719	-
Total current assets		<u>6,959,412</u>	<u>2,192,105</u>
Non-current assets			
Property, plant and equipment	10	13,361,930	15,036,630
Deferred tax		380,268	-
Total non-current assets		<u>13,742,198</u>	<u>15,036,630</u>
Total assets		<u>20,701,610</u>	<u>17,228,735</u>
Liabilities			
Current liabilities			
Trade and other payables	11	3,845,230	5,373,821
Contract liabilities	12	2,716,201	-
Financial liabilities	13	3,224,846	2,108,686
Income tax		169,480	171,423
Bank overdraft	6	1,092,677	1,232,625
Total current liabilities		<u>11,048,434</u>	<u>8,886,555</u>
Non-current liabilities			
Financial liabilities	14	-	2,138,819
Total non-current liabilities		<u>-</u>	<u>2,138,819</u>
Total liabilities		<u>11,048,434</u>	<u>11,025,374</u>
Net assets		<u>9,653,176</u>	<u>6,203,361</u>
Equity			
Issued capital	15	18,556,098	14,920,799
Reserves	16	(767,012)	(465,472)
Accumulated losses		<u>(8,135,910)</u>	<u>(8,251,966)</u>
Total equity		<u>9,653,176</u>	<u>6,203,361</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 2020

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

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

		Consolidated	
	Note	30 June 2020	30 June 2019
		\$	\$
Cash flows from operating activities			
Receipts from customers		17,488,064	11,605,397
Payments to suppliers		(15,573,028)	(12,341,238)
		1,915,036	(735,841)
Interest received		8,859	6,814
Proceeds from grants		30,422	-
Interest and other finance costs paid		(583,309)	(693,898)
Net cash from/(used in) operating activities		1,371,008	(1,422,925)
Cash flows from investing activities			
Payments for property, plant and equipment	10	(2,269,957)	(1,559,096)
Refund of security deposits		-	752
Payments for term deposits		(197,773)	-
Deposit received for sale and leaseback transaction		612,787	-
Proceeds from disposal of property, plant and equipment		62,610	-
Net cash used in investing activities		(1,792,333)	(1,558,344)
Cash flows from financing activities			
Proceeds from issue of shares	15	3,135,539	3,024,417
Proceeds from shares yet to be issued		-	812,278
Share issue transaction costs	15	(57,004)	(412,504)
Proceeds from / (repayment) of trust receipts		(534,645)	(137,211)
Proceeds from / (repayment) of term loan		68,750	(232,706)
Repayment of hire purchase loans		-	(59,296)
Repayment of convertible notes		-	(489,862)
Net cash from financing activities		2,612,640	2,505,116
Net increase/(decrease) in cash and cash equivalents		2,191,315	(476,153)
Cash and cash equivalents at the beginning of the financial year		(1,178,182)	(691,871)
Effects of exchange rate changes on cash and cash equivalents		(52,915)	(10,158)
Cash and cash equivalents at the end of the financial year	6	960,218	(1,178,182)

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

Note 1. Significant accounting policies

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 2020 and the results of all subsidiaries for the year then ended. VIP Gloves Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is VIP Glove Limited's functional and presentation currency. The functional currency of KLE 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.

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 non-financial assets other than goodwill and other indefinite life intangible assets

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

Impairment of property, plant and equipment

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

Income tax

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

Note 3. 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 manufacturing and engineering 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 4. Other income

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

VIP Gloves Limited
Notes to the financial statements
30 June 2020

Note 5. Expenses

Consolidated
30 June 2020 30 June 2019
\$ \$

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment	359	3,777
Motor vehicles	2,488	2,507
Office equipment	10,844	7,136
Leasehold buildings	79,528	100,129

Total depreciation	93,219	113,549
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Depreciation included in cost of goods sold

Plant and equipment	512,136	577,425
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Total depreciation and amortisation	605,355	690,974
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Provision for impairment

Impairment of inventories	(290,721)	2,115,570
Impairment of receivables	5,685	205,902
Impairment of plant and equipment	-	297,933

Total impairment	(285,036)	2,619,405
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General and administrative expenses

Employee wages and related costs	494,640	351,043
Directors fees	462,178	301,241
Provision for expected credit losses	5,685	205,902
Depreciation	93,219	113,549
Auditors fees	75,615	187,430
Other administration expenses	954,599	289,101

Total general and administrative expenses	2,085,936	1,448,266
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Finance costs

Interest and finance charges paid/payable on borrowings	427,224	693,898
Other	83,904	-

Finance costs expensed	511,128	693,898
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Note 6. Current assets - cash and cash equivalents

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

Note 7. Current assets - trade and other receivables

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

Note 8. Current assets - inventories

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

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

	Consolidated	Consolidated
	30 June 2020	30 June 2019
	\$	\$
Land and buildings	<u>3,093,719</u>	<u>-</u>

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

	Consolidated	Consolidated
	30 June 2020	30 June 2019
	\$	\$
Plant and equipment - at cost	5,472,024	6,552,859
Less: Accumulated depreciation	(2,432,531)	(2,253,426)
Less: Impairment	(134,179)	(302,857)
	<u>2,905,314</u>	<u>3,996,576</u>
Motor vehicles - at cost	12,596	12,741
Less: Accumulated depreciation	(5,248)	(2,760)
	<u>7,348</u>	<u>9,981</u>
Office equipment - at cost	118,697	118,504
Less: Accumulated depreciation	(43,839)	(32,995)
	<u>74,858</u>	<u>85,509</u>
Leasehold land	<u>2,960,336</u>	<u>5,122,008</u>
Leasehold buildings	718,490	2,082,254
Less: Accumulated depreciation	(211,781)	(510,478)
	<u>506,709</u>	<u>1,571,776</u>
Capital works in progress	<u>6,907,365</u>	<u>4,250,780</u>
	<u><u>13,361,930</u></u>	<u><u>15,036,630</u></u>

Valuations of land and buildings

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

Capital Works in Progress

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

Note 11. Current liabilities - trade and other payables

	Consolidated	Consolidated
	30 June 2020	30 June 2019
	\$	\$
Trade payables	2,098,359	3,109,473
Payable to related parties	-	121,712
Deposit received for sale and leaseback transaction	612,787	-
Other payables and accruals	1,134,084	2,142,636
	<u><u>3,845,230</u></u>	<u><u>5,373,821</u></u>

Note 12. Current liabilities - contract liabilities

	Consolidated	Consolidated
	30 June 2020	30 June 2019
	\$	\$
Contract liabilities	<u><u>2,716,201</u></u>	<u><u>-</u></u>

VIP Gloves Limited
Notes to the financial statements
30 June 2020

Note 13. Current liabilities - financial liabilities

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Term loans	2,462,338	866,056
Other loans	109,174	-
Convertible notes payable	653,334	700,000
Trust receipts	-	534,645
Hire purchase	-	7,985
	<u>3,224,846</u>	<u>2,108,686</u>

Note 14. Non-current liabilities - financial liabilities

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Term loans	-	2,132,486
Hire purchase	-	6,333
	<u>-</u>	<u>2,138,819</u>

Note 15. Equity - issued capital

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

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

Note 15. Equity - issued capital (continued)

Movements in ordinary share capital

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

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.

Note 15. Equity - issued capital (continued)

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

Note 16. Equity - reserves

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Foreign currency reserve	(767,012)	(465,472)

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