



ANNUAL REPORT

2017

1. Managing Director's Statement

On behalf of the board of directors of VGX Limited (the "Company"), I am pleased to present our first Annual Report as a listed company for the financial period from 13 June 2016 (date of incorporation) to 30 June 2017 (the "Financial Period Under Review"), and the directors' review of operations for that period. The Annual Report incorporates the audited financial statements for the Financial Period Under Review (the "Financial Statements") for the Company and its subsidiary (the "Group"). A copy of the audited financial statements is attached to this Annual Report as Appendix A.

Listing on NSX

The Company successfully listed on the National Stock Exchange of Australia ("NSX") during the Financial Period Under Review. The listing was an important milestone as it facilitates the Company's growth and development. What we have seen is that the Company is gaining market recognition.

- In July 2017, Virgin Greens X Sdn Bhd ("Virgin Greens X"), the Company's wholly-owned subsidiary, received the Golden Bull Award 2017, an award to recognise outstanding small and medium enterprises in Malaysia.
- In October 2017, Virgin Greens X received from Entrepreneurs Foundation of Malaysia the following awards:
 - o BIOTECHNOLOGY INDUSTRY EXCELLENCE Category of SME & Entrepreneurship Business Award: Premier Edition 2017/2018
 - o ENTREPRENEUR AWARD in the Category of BUSINESS FORESIGHT of SME & Entrepreneurship Business Award: Premier Edition 2017/2018

Launch of new product series

Apart from its existing range of biotech-based products, the Company during the Financial Period Under Review launched its new product series, MG BioGuard®3.0 capitalizing on the Company's ongoing research and development efforts and its plant disease control platform to cater for the dire demand from the fruit and vegetable sector. Fruit and vegetables are important cash crops while the biggest risk faced by farmers when growing these crops is the long list of diseases such as *Fusarium*, *Phytophthora*, *Pythium*, *Rhizoctonia*. Once the crops are infected with such diseases, the outcome could be disastrous for the farmers.

MG BioGuard®3.0 contains a carefully selected multi-strain cocktail of indigenous microbes which has antagonistic capabilities towards a wide spectrum of pathogens causing fruit and vegetable diseases. Members of the cocktail have been tested for their positive compatibility to each other as the ability to co-exist synergistically is crucial. Each of the selected strains possesses a unique mycoparasitic property which can suppress and inhibit the growth of one or more pathogens. When combining these strains together, the multi-strain cocktail creates a formidable and effective mechanism which is able to control a range of target fruit and vegetable diseases.

To capture the fast-growing market for durian planting, the Company has also launched MG BioGuard®3.0 (Durian) which was specially formulated for treating root rot, stem rot and fruit rot diseases among durian trees. Since the launch of the product in January, it has become the second largest contributor to the Company's sales revenue and helps the Company not overly rely on the oil palm market.

Promoting environmentally responsible biotech agriculture

The direction of the Company is clear when applying biotechnology in agriculture as there are two key criteria to meet, namely to be more efficient than conventional agriculture and at the same time, to be compatible with organic agriculture. In other words, what to achieve is to be more efficient both in terms of crop yield and quality of produce.

Instead of relying on genetic engineering or genetic modification to improve crop yield and nutrient value, to control diseases and pests, the Company advocates using naturally occurring microbes to do these jobs. This is because genetic engineering applied in agriculture is in its infant stage so its long-term effects are still not known. It may pose some unknown risks to humans, animals and the environment in future. The biotech approach advocated by the Company is environmentally responsible and fully compatible with organic agriculture.

This specific form of biotech agriculture, meaning making use of naturally occurring microbes instead of relying on genetic engineering, practised by the Company covers both soil application and foliar feeding for plant growth, disease control, pest control.

In other words, the Company takes a holistic approach to environmentally responsible biotech agriculture.

2. Principal Activities of the Group

The principal activity of the Company is that of an investment holding company while the principal activities of its controlled entity and operating subsidiary is research, development and commercialisation of food and agriculture related technologies.

3. Subsidiary

Name of subsidiary	Country of incorporation	Interest held	Principal activities
Virgin Greens X Sdn Bhd	Malaysia	100%	The company carries on research, development and commercialisation of food and agriculture related technologies. The company is a Malaysia <i>Bionexus Status</i> company. <i>Bionexus Status</i> is a special status awarded by the Malaysian government to qualified international and Malaysian biotechnology companies that participate and undertake value-added biotechnology activities.

4. Directors' Interests in Securities

As at 30 June 2017 (the end of the Financial Period Under Review) and 19 October 2017 (the latest practicable date before the 2017 Annual Report is issued), the interests of directors and officers of the Company in equity securities (shares and CDIs) of the Company are as follows:

	Directly Held		Deemed interests	
	As at 29.06.2016	30.06.2017 and 19.10.2017	As at 29.06.2016	30.06.2017 and 19.10.2017
CHONG Ying Choy	NIL	NIL	NIL	NIL
Eric CHUNG Chi Kong	40,114,060	40,114,060	20,000,000	20,000,000
KONG Teck Chin	1	1	60,114,059	60,114,059
YAP Poh Yee	15,200,000	15,200,000	NIL	NIL

Save as disclosed above, no director or officer of the Company has a vested right to receive any distribution made on the securities or is entitled to exercise or direct the exercise of the voting rights attaching to the securities.

As of the end of the Financial Period Under Review:

- a) the Company and its subsidiary do not have on issue any debt security; and
- b) the Company has not granted any right to subscribe for any equity or debt security of the Company to any person, including a director or officer of the Company.

5. Forecast

The Company has not published any forecast in relation to the Financial Period Under Review.

6. Directors' Service Contract

During the Financial Period Under Review, the Company had 2 Directors' service contract in force with Eric CHUNG Chi Kong and YAP Poh Yee respectively and their remuneration packages have been disclosed accordingly in the Financial Statements.

7. Material Or Significant Contracts

Save as disclosed in the Company's Information Memorandum dated 30 September 2016 and in the Financial Statements:

- (a) there is no other material contract the Company had entered into during the Financial Period Under Review; and
- (b) there is no contract subsisting during or at the end of the Financial Period Under Review:
 - i) in which a director of the issuer is or was materially interested, either directly or indirectly; or
 - ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries; or
 - iii) for the provision of services to the Group by a controlling shareholder or any of its subsidiaries.

8. Disclosable Arrangements with Directors and Shareholders

During the Financial Period Under Review, there is no disclosable arrangements with directors and shareholders.

9. Directors' Review of Operations

Directors' review of operations is incorporated in the Managing Director's statement set out in paragraph 1.

10. Statement of Main Corporate Governance Practices

Given the size of the Company, the board has not formally adopted corporate governance procedures. However, in performing its duties and functions, the board closely follows the informal principles and guidelines set out in this Note. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.

The primary responsibility of the board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the board is responsible for the overall corporate governance of the Company, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the board include:

- a) protection and enhancement of shareholder value;
- b) formulation, review and approval of the objectives and strategic direction of the Company;
- c) approving all significant business transactions, including acquisitions, divestments and capital expenditure;
- d) monitoring the financial performance of the Company by reviewing and approving budgets and results;
- e) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- f) identification of significant business risks and ensuring that such risks are adequately managed;

- g) reviewing the performance and remuneration of executive directors and key staff; and
- h) establishment and maintenance of appropriate ethical standards.

11. Directors in Office

As of the end of the Financial Period Under Review, the board comprises the following:

Name	Particulars
CHONG Ying Choy	Independent Non-Executive Chairman
Eric CHUNG Chi Kong	Managing Director
KONG Teck Chin	Non-Independent Non-Executive Director
YAP Poh Yee	Executive Director

At present, the board does not have a fixed number of meetings it will hold per annum. The board meets as frequently as may be required to deal with matters arising.

12. List of Top 20 Shareholders

As of 19 October 2017 (the latest practical date before the 2017 Annual Report is issued), the 20 largest holders of CDIs issued by the Company (including non-listed CDIs which are subject to escrow arrangements and CDIs held by the Company) are:

S/No.	Name of CDI-holder	Number of CDIs held	%
1.	Eric CHUNG Chi Kong	40,114,060	37.55
2.	Metsys Sdn Bhd	19,999,999	18.72
3.	YAP Poh Yee	15,200,000	14.24
4.	LEE Fee Hiang	9,540,000	8.94
5.	CHAN Kwok Chuen Augustine	5,685,940	5.33
6.	CHAN Ka Yau Simon	2,880,000	2.70
7.	WOON Kon Fatt	2,800,000	2.62
8.	LEE Oi Lan	2,000,000	1.87
9.	GUN Yoke Tong	1,600,000	1.50
10.	CHAN Kar Wai Cynthia	1,000,000	0.94
11.	CHUI Ka Chun Dick	1,000,000	0.94
12.	YEUNG Kwok Keung	1,000,000	0.94
13.	LEUNG Miu Kuen	450,000	0.42
14.	KONG Teck Chien	400,000	0.37
15.	Hashim Bin Muhammad	300,000	0.28
16.	CHAN Chung Yi Joey	220,000	0.21
17.	YOW Chung Kee	150,000	0.14
18.	YOW Ken Tai	150,000	0.14
19.	CHAN Hiu Yan	120,000	0.11
20.	YONG Mei Tsin	100,000	0.09
		104,709,999	98.02
	Held by other CDI holders	2,113,001	1.98
		106,823,000	100.00

On behalf of the board of directors,

A handwritten signature in black ink, appearing to be 'Eric Chung Chi Kong', written in a cursive style.

Eric Chung Chi Kong
Managing Director
Petaling Jaya, Selangor, Malaysia
23 October 2017

Company No.: ARBN 612834572

VGX LIMITED
(Incorporated in British Virgin Islands)

FINANCIAL STATEMENTS

30 JUNE 2017

Registered office in Australia

Level 1 Office F,
1139 Hay Street,
West Perth WA 6005

Corporate office

C-710 Kelana Square,
17, Jalan SS7/26,
Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

VGX LIMITED

(Incorporated in British Virgin Islands)

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

TABLE OF CONTENTS

	PAGE
Directors' report	1 – 3
Statement by Directors	4
Statutory declaration	5
Report of the independent auditors	6 – 8
Statement of financial position	9
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of cash flows	12 - 13
Notes to the financial statements	14 - 33

VGX LIMITED

(Incorporated in British Virgin Islands)

DIRECTORS' REPORT

FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

The Directors are pleased to present their report to the members together with the audited financial statements of VGX Limited ("the Company") and its controlled entity (collectively, the "Group") for the financial period ended 30 June 2017.

In the opinion of the Directors,

- (a) The financial statements of the Group and of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Group and of the Company for the financial period ended on that date in accordance with the International Financial Reporting Standards; and
- (b) at the date of this report there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on the date of this report.

DIRECTORS

The Directors of the Company in office during the financial period until the date of this report are:

<u>Name</u>	<u>Particulars</u>
Chong Ying Choy	Independent Non-Executive Chairman
Eric Chung Chi Kong	Managing Director
Yap Poh Yee	Executive Director
Kong Teck Chin	Non-Independent Non-Executive Director

ARRANGEMENTS FOR ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial period, neither the Company nor any of its controlled entity was a party to any arrangement of which the object was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other corporate body.

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of Directors in office at the end of the period in the ordinary shares of the Company and its related corporations during the period are as follows:

	Number of Ordinary Shares			
	At incorporation	Bought	Sold	At 30.6.2017
Direct Interest				
Eric Chung Chi Kong	40,114,060	-	-	40,114,060
Kong Teck Chin	1	-	-	1
Yap Poh Yee	15,200,000	-	-	15,200,000
	At incorporation	Bought	Sold	At 30.6.2017
Deemed Interest				
Eric Chung Chi Kong	20,000,000	-	-	20,000,000
Kong Teck Chin	60,114,059	-	-	60,114,059

SHARE OPTIONS

During the financial period, no options were granted to take up unissued shares of the Company and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. At the end of the financial period, there were no unissued shares of the Company under option.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the date of incorporation, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Company No.: ARBN 612834572

AUDITORS

The retiring auditors, Messrs. HML & Co., have indicated their willingness to be re-appointed.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,



ERIC CHUNG CHI KONG
Director



YAP POH YEE
Director

Kuala Lumpur
8 September 2017

Company No.: ARBN 612834572

VGX LIMITED

(Incorporated in British Virgin Islands)

STATEMENT BY DIRECTORS

The Directors of VGX LIMITED state that, in their opinion, the financial statements set out on pages 9 to 33 are drawn up in accordance with International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of financial performance and cash flows of the Group and of the Company for the period ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,



ERIC CHUNG CHI KONG

Director

Kuala Lumpur
8 September 2017



YAP POH YEE

Director

Company No.: ARBN 612834572

VGX LIMITED

(Incorporated in British Virgin Islands)

STATUTORY DECLARATION

I, ERIC CHUNG CHI KONG, the Director primarily responsible for the financial management of VGX LIMITED, do solemnly and sincerely declare that the financial statements set out on pages 9 to 33 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above-)
named ERIC CHUNG CHI KONG at Petaling Jaya)
in the state of Selangor this 8 September 2017)



ERIC CHUNG CHI KONG

Before me,

COMMISSIONER FOR OATHS



No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

Company No.: ARBN 612834572

HML & CO.
CHARTERED ACCOUNTANTS AF 1325
1-23B Jalan Desa 1/3
Desa Aman Puri
52100 Kuala Lumpur
Tel 603 - 6273 4543
Fax 603 - 6273 4542
Email audit@hml.com.my

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VGX LIMITED**

(Incorporated in British Virgin Islands)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VGX LIMITED, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical Responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

There are no key audit matters to disclose for the 30 June 2017 audit.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

Company No.: ARBN 612834572

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



Company No.: ARBN 612834572

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the members of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.



HML & CO.
AF: 1325
Chartered Accountants



HO MEE LING
02094/12/18 (J)
Chartered Accountant

Kuala Lumpur
11 September 2017

VGX LIMITED*(Incorporated in British Virgin Islands)***STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	Group A\$	Company A\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	52,767	-
Intangible asset	5	281,276	281,273
Investment in subsidiary	6	-	302,444
Goodwill	7	8,872	-
		<u>342,915</u>	<u>583,716</u>
CURRENT ASSETS			
Inventories	8	32,920	-
Trade receivables		139,590	-
Other receivable, deposits and prepayment	9	196,119	-
Fixed deposit with licensed bank		6,049	-
Cash and bank balances		17,694	393
		<u>392,372</u>	<u>393</u>
TOTAL ASSETS		<u><u>735,287</u></u>	<u><u>584,110</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	10	691,390	691,390
Accumulated loss		(244,688)	(231,343)
SHAREHOLDERS' EQUITY		<u>446,702</u>	<u>460,047</u>
NON-CURRENT LIABILITIES			
Deferred income	11	66,147	-
Finance lease payables	12	33,261	-
		<u>99,408</u>	<u>-</u>
CURRENT LIABILITIES			
Trade payables		85,532	-
Other payables and accruals	13	67,115	7,417
Amount owing to Directors	14	27,052	-
Amount owing to subsidiary	15	-	116,646
Finance lease payables	12	9,477	-
		<u>189,176</u>	<u>124,063</u>
TOTAL LIABILITIES		<u>288,585</u>	<u>124,063</u>
TOTAL EQUITY AND LIABILITIES		<u><u>735,287</u></u>	<u><u>584,110</u></u>

The accompanying notes form an integral part of the financial statements.

VGX LIMITED

(Incorporated in British Virgin Islands)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

	Note	Group A\$	Company A\$
Revenue	16	681,156	-
Cost of sales		(250,399)	-
Gross profit		430,757	-
Other operating income		62,097	-
Distribution expenses		(193,282)	-
Research and development expenses		(36,928)	-
Administration expenses		(462,413)	(231,343)
Other operating expenses		(43,067)	-
Loss from operations		(242,835)	(231,343)
Finance costs		(1,853)	-
Loss before tax	17	(244,688)	(231,343)
Income tax expense	18	-	-
Loss for the year		<u>(244,688)</u>	<u>(231,343)</u>

The accompanying notes form an integral part of the financial statements.

VGX LIMITED

(Incorporated in British Virgin Islands)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

GROUP	Share capital A\$	Accumulated loss A\$	Total A\$
As at incorporation	691,390	-	691,390
Loss for the period	<u>-</u>	<u>(244,688)</u>	<u>(244,688)</u>
As at 30 June 2017	<u>691,390</u>	<u>(244,688)</u>	<u>446,702</u>
COMPANY			
As at incorporation	691,390	-	691,390
Loss for the period	<u>-</u>	<u>(231,343)</u>	<u>(231,343)</u>
As at 30 June 2017	<u>691,390</u>	<u>(231,343)</u>	<u>460,047</u>

The accompanying notes form an integral part of the financial statements.

VGX LIMITED*(Incorporated in British Virgin Islands)***STATEMENT OF CASH FLOWS****FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017**

	Note	Group A\$	Company A\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(244,688)	(231,343)
Adjustments for:			
Amortisation of intangible asset		29,488	-
Depreciation of property, plant and equipment		13,579	-
Gain on disposal of intangible asset		(252)	-
Government grant recognised		(45,525)	-
Interest expenses		1,853	-
Interest income		(1,213)	-
Operating loss before working capital changes		(246,758)	(231,343)
Increase in inventories		(15,109)	-
Increase in trade receivables		(30,367)	-
Increase in other receivable, deposits and prepayment		(101,760)	-
Increase in trade payables		8,918	-
Increase in other payables and accruals		491	7,417
Decrease in amount owing to Directors		(64,708)	-
Increase in amount owing to subsidiary		-	116,646
Cash used in operations		(449,293)	(107,280)
Interest paid		(1,853)	-
Interest received		1,213	-
Government grant received		91,049	-
Net cash used in operating activities		(358,884)	(107,280)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of intangible assets		281,273	-
Purchase of property, plant and equipment	19	(6,242)	-
Purchase of intangible assets		(281,276)	(281,273)
Investment in subsidiary		-	(302,444)
Cash used in acquisition of subsidiary		(294,824)	-
Net cash used in investing activities		(301,069)	(583,716)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		691,390	691,390
Repayment of finance lease payables		(7,694)	-
Net cash from financing activities		683,696	691,390

The accompanying notes form an integral part of the financial statements.

VGX LIMITED

(Incorporated in British Virgin Islands)

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

	Note	Group A\$	Company A\$
Net increase in cash and cash equivalents		23,743	393
Cash and cash equivalents at incorporation		-	-
Cash and cash equivalents at end of the period		<u>23,743</u>	<u>393</u>
Cash and cash equivalents comprise:			
Fixed deposit with licensed bank		6,049	-
Cash and bank balances		<u>17,694</u>	<u>393</u>
		<u>23,743</u>	<u>393</u>

The accompanying notes form an integral part of the financial statements.

VGX LIMITED

(Incorporated in British Virgin Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13 JUNE 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

1 GENERAL CORPORATE INFORMATION AND NATURE OF OPERATION

VGX Limited is the ultimate holding company and a public company limited by shares incorporated in British Virgin Islands and listed on the National Stock Exchange of Australia, with its registered office in Australia located at Level 1, Office F, 1139 Hay Street, West Perth WA 6005, Australia. The principal place of business is located at C-710 Kelana Square, 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Company is an investment holding company since it was registered on 13 June 2016 to the date of this report and it holds 100% of the issued share capital of Virgin Greens X Sdn. Bhd., a Malaysia *BioNexus Status* company which carries on business of research, development and commercialisation of food and agriculture related technologies. *BioNexus Status* is a special status awarded by the Malaysian government to qualified international and Malaysian biotechnology companies that participate in and undertake value-added biotechnology activities.

The financial statements have been prepared on a historical cost basis and are presented in Australian Dollars which is the Company's functional currency. All financial information is presented in Australian Dollars, unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for financial periods beginning on or after 13 June 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company and the Group.

The IASB has issued a number of new and revised IAS and IFRS which were relevant to the Group. The Group have not early adopted the following IAS and IFRS that have been issued but are not yet effective.

IASs and IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to IAS 7, Disclosure Initiative
- Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

IASs and IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Amendments to IAS 102, Classification and Measurement of Share-based payment Transactions
- IFRS 15, Revenue from Contracts with Customers
- Classifications to IFRS 15, Revenue from Contracts with Customers
- IFRS 9, Financial instruments
- Amendments to IAS 40, Transfer of Investment Property
- IFRIC 22, Foreign Currency Transactions and Advance Consideration

IASs and IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- IFRS 16, Leases

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and of the Company as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- iii) The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a controlled entity begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line method so as to write off the cost of the assets over their estimated useful lives, as follows:

	<u>Rate</u>
Computer	33%
Lab equipment	20%
Motor vehicles	20%
Office equipment	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

2.4 IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

At each statement of financial position date, the Group and the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reverses, the carrying amount of the asset/cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.5 INTANGIBLE ASSETS

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further economic benefits are expected to arise.

2.6 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.7 FINANCIAL ASSETS

The Group and the Company classifies its financial assets, at initial recognition, into one of the following categories: investments at fair value through profit or loss, loans and receivables, derivative financial instruments and other financial assets, as appropriate, depending on the purpose for which the asset was acquired. The Group and the Company's accounting policy for each category is as follows:

i) Investments at fair value through profit or loss

These financial assets are designed by the Board of Directors at fair value through profit or loss at inception, which include investment in debt and equity securities upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Group and the Company.

Recognition/Derecognition:

Regular acquisitions and disposals of investments are recognised on the trade date on which the Group and the Company received acquisitions of investments or delivered disposals of investments. A fair value through profit or loss asset is derecognised when the Group and the Company loses control over the contractual rights that comprise that assets. This occurs when the rights to receive cash flows from the asset have expired or the Group and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset. Fair value through profit or loss assets that are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Group and the Company commits to sell the assets.

Measurement:

Financial assets held at fair value through profit or loss initially recognised at fair value. Transaction costs are expensed in the profit or loss. Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets held at fair value through profit or loss are presented in the profit or loss in the period in which they arise.

Dividend income from investments at fair value through profit or loss is recognised in the profit or loss within other income when the Group and the Company right to receive payments is established.

Fair value estimation:

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques in accordance with the Guidelines.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group and the Company's loans and receivables comprise bridging loans and other receivables in the statement of financial position. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, through the amortisation process.

2.8 CASH AND CASH EQUIVALENTS

Cash and bank balances comprise cash in hand and at bank that are subject to an insignificant risk of changes in value.

2.9 FINANCIAL LIABILITIES

Trade and other payables are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using effective interest rate method, with interest expenses recognised on an effective yield basis.

Derecognition of financial liabilities

The Group and the Company derecognises financial liabilities when, and only when, the Group and the Company's obligations are discharged, cancelled or they expire.

2.10 PROVISIONS

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) where as a result of a past event, and it is probable that the Group and the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 LEASES

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income. Contingent rent, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss statement on a straight-line basis over the lease term. The aggregated benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.12 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

i) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This items includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

ii) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

2.13 EMPLOYMENT BENEFITS

i) *Short-Term Employment Benefits*

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company have a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company have no realistic alternative but to make the payments.

ii) *Defined Contribution Plan*

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the period to which they relate.

2.14 INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable and tax deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet. Deferred tax is charged or credited to profit or loss, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group and the Company intends to settle its current tax assets and liabilities on a net basis.

2.15 RELATED PARTIES

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Company if that person:
 - i) Has control or joint control over the Company;
 - ii) Has significant influence over the Company; and
 - iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- b) An entity is related to the Company if any of the following conditions applies:
 - i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint control venture of a member of a group of which the other entity is a member);
 - iii) Both entities are joint ventures of the same third party;

- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v) The entity is a past-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- vi) The entity is controlled or jointly controlled by a person identified in (a); A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.16 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

Government grants related to assets are presented in the statement of financial position by setting up the grant as deferred income while government grant related to income is presented as a credit in profit or loss separately.

The Group does not recognise government grants including non-monetary grants at fair value, until there is reasonable assurance that the Company will comply with the conditions attaching to the grants and the grants will be received.

The Group's government grants include a cradle fund approved by the Ministry of Finance not exceeding RM500,000 to assist with the commercialisation of its products and services.

The grants received will be converted into partial grant upon the Group achieving certain set of financial targets or conditions within the funding period of 4 years whereby 50% of the grants received will become repayable up to a maximum period of 2 years.

50% of the grants received during the financial year is recognised as income immediately whereas the other 50% of the grants is treated as a deferred income pending the Company achieving certain set of financial targets or conditions within the funding period of 4 years. Upon that happening, the 50% grant treated as deferred income will become payable and recognised as liability.

2.17 ACQUISITION OF SUBSIDIARY

On 27 June 2016, the Company acquired 100% of the ordinary shares of Virgin Greens X Sdn. Bhd., an unlisted company based in Malaysia and carries on business of research, development and commercialisation of food and agriculture related technologies.

The Company has elected to measure the acquisition of subsidiary at share of net asset value method.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Virgin Greens X Sdn. Bhd. is equal to the carrying value of net assets as at the date of acquisition.

	A\$
Assets	
Property, plant and equipment	27,139
Intangible asset	310,509
Inventories	17,811
Trade receivables	109,223
Other receivables	94,359
Cash and bank balances	5,514
	564,555
Liabilities	
Trade payables	(76,615)
Other payables and accruals	(66,624)
Amount due to Directors	(91,760)
Hire purchase payable	(17,467)
Deferred income	(20,623)
	(273,089)
Total identifiable net assets at carrying value (Assets – Liabilities)	291,466
Consideration	
	(300,338)
Goodwill	
	(8,872)

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect in determining the amount recognised in the financial statements include the following:

3.1 LOSS ALLOWANCES OF FINANCIAL ASSETS

The Group and the Company recognises impairment losses for receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assesses whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the allowance made and this may affect the Group and the Company's financial position and results.

3.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciated method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

3.3 AMORTISATION OF INTANGIBLE ASSETS

The cost of internally generated assets is capitalised as an intangible asset where it is determined by management's judgment that the ability to develop the assets is technically feasible, will be completed, and that the asset will generate economic benefit that outweighs its cost. The license of intellectual property rights has not been amortised since it has been obtained.

3.4 INVENTORIES

Inventories are stated at the lower of cost and net realisable value (NRV). NRV for finished goods and work-in-progress are assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the Company's best estimation of the value recoverable through sale.

3.5 MEASUREMENT OF INCOME TAXES

Significant judgment is required in determining the Group and the Company's provision for current and deferred taxes. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

4 PROPERTY, PLANT AND EQUIPMENT**Group**

	As at 13 June 2016 A\$	Acquisition of subsidiary A\$	Additions A\$	Disposals A\$	As at 30 June 2017 A\$
<u>Cost</u>					
Computer	-	2,532	1,203	-	3,736
Lab equipment	-	7,561	2,417	-	9,978
Motor vehicles	-	28,435	35,587	-	64,022
Office equipment	-	1,299	-	-	1,299
	-	39,827	39,208	-	79,035

	As at 13 June 2016 A\$	Acquisition of subsidiary A\$	Charges for the year A\$	Disposals A\$	As at 30 June 2017 A\$
<u>Accumulated Depreciation</u>					
Computer	-	1,112	911	-	2,023
Lab equipment	-	756	1,800	-	2,556
Motor vehicles	-	10,426	10,609	-	21,035
Office equipment	-	394	260	-	654
	-	12,688	13,579	-	26,267

	2017 A\$
<u>Carrying Amounts</u>	
Computer	1,712
Lab equipment	7,422
Motor vehicles	42,987
Office equipment	645
	<u>52,767</u>

The carrying amounts of the property, plant and equipment under finance lease of the Group and of the Company are as follows:

	Group 2017 A\$	Company 2017 A\$
Motor vehicles	<u>42,987</u>	<u>-</u>

5 INTANGIBLE ASSET

GROUP	Intellectual property rights A\$	Total A\$
<u>Cost</u>		
Acquisition of subsidiary	393,177	281,273
Additions	281,276	281,276
Disposals	(393,177)	(281,273)
At end of the period	<u>281,276</u>	<u>281,276</u>
<u>Accumulated Amortisation</u>		
Acquisition of subsidiary	82,668	82,668
Amortisation charges for the period	29,488	29,488
Disposals	(112,156)	(112,156)
At end of the period	<u>-</u>	<u>-</u>
<u>Carrying Amounts</u>		
As at 30 June 2017	<u>281,276</u>	<u>281,276</u>

COMPANY	Intellectual property rights A\$	Total A\$
<u>Cost</u>		
Additions	<u>281,273</u>	<u>281,273</u>
At end of the period	<u>281,273</u>	<u>281,273</u>
<u>Carrying Amounts</u>		
As at 30 June 2017	<u>281,273</u>	<u>281,273</u>

6 INVESTMENT IN SUBSIDIARY

	Company 2017 A\$
Unquoted shares – At cost	<u>302,444</u>

The subsidiary company is Virgin Greens X Sdn. Bhd., a Company incorporated in Malaysia. Its principal activities are engaged in research, development and commercialisation of food and agriculture related technologies with its business activities covering microbial product and biological process development, manufacturing and marketing of its proprietary solutions designed for the food and agriculture sector. There have been no significant changes in the nature of the activities during the year. The Company's effective interest in the subsidiary company is 100%.

7 GOODWILL

As a part of the restructuring exercise the Company entered into a Sale and Purchase Agreement, under which the Company acquired all of the issued capital of Virgin Greens X Sdn. Bhd. on 27 June 2016. Virgin Greens X Sdn. Bhd. became a wholly owned subsidiary of VGX Limited.

	At acquisition date A\$
Consideration	300,338
Net assets at fair value in Virgin Greens X Sdn. Bhd. at acquisition date	<u>(291,466)</u>
Goodwill	<u>8,872</u>

Net cash flows from the acquisition of the Virgin Greens X Sdn. Bhd.:

	A\$
The total consideration of investment in Virgin Greens X Sdn. Bhd.	300,338
The cash and bank balances from acquisition of Virgin Greens X Sdn. Bhd.	<u>(5,514)</u>
	<u>294,824</u>

8 INVENTORIES

	Group 2017 A\$
At cost:	
Biotech products (finished goods)	16,310
Packaging material	<u>16,610</u>
	<u>32,920</u>

9 OTHER RECEIVABLE, DEPOSITS AND PREPAYMENT

	Group 2017 A\$
Other receivable	192,877
Deposits	1,346
Prepayment	<u>1,896</u>
	<u>196,119</u>

Other receivable of A\$192,877 is owing by company in which certain Directors of the Company have financial interest.

10 SHARE CAPITAL

	Group 2017	Company 2017
Ordinary shares		
Number of ordinary shares (Units)	<u>106,823,000</u>	<u>106,823,000</u>
Issued and Paid-up (A\$)	<u>691,390</u>	<u>691,390</u>

11 DEFERRED INCOME

	Group 2017 A\$
At incorporation	-
Acquisition of subsidiary	20,623
Government grant received during the year	91,049
Amount recognised for the year	<u>(45,525)</u>
Balance at end of the year	<u>66,147</u>

12 FINANCE LEASE PAYABLES

	Group 2017 A\$	Company 2017 A\$
Finance lease payables	48,470	-
Less: Interest in suspense	(5,732)	-
	<u>42,738</u>	<u>-</u>
 Total principal sums payable		
- within 1 year	9,477	-
- more than 1 year but not later than 5 years	33,261	-
	<u>42,738</u>	<u>-</u>

The Group obtains finance lease facilities to finance certain of its motor vehicles. The average remaining lease term is 5 years as at 30 June 2017. Implicit interest rates of the finance lease range from 2.64%-2.66% are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period. The Group has the option to purchase the assets at the end of the agreement with minimum purchase considerations. There is no significant restriction clauses imposed on the hire purchase arrangements.

13 OTHER PAYABLES AND ACCRUALS

	Group 2017 A\$	Company 2017 A\$
Other payables	65,724	7,417
Accruals	1,391	-
	<u>67,115</u>	<u>7,417</u>

14 AMOUNT OWING TO DIRECTORS

This amount is unsecured, interest free and repayable on demand.

15 AMOUNT OWING TO SUBSIDIARY

This amount is unsecured, interest free and repayable on demand.

16 REVENUE

Revenue of the Group represents invoices value of goods and services rendered less trade discounts.

17 LOSS BEFORE TAXATION

17.1 DISCLOSURE ITEMS

	Group 2017 A\$	Company 2017 A\$
The profit before taxation is arrived at after charging:		
Auditors' remuneration	1,512	-
Amortisation of intangible asset	29,488	-
Depreciation of property, plant and equipment	13,579	-
Directors' fees	3,478	3,478
Directors' remuneration		
- Salaries	57,977	34,711
- Defined contribution plan	2,962	1,852
Finance lease interest	1,853	-
Listing expenses	134,375	134,375
Loss on foreign exchange	1,235	1,235
Preliminary expenses	3,129	3,129
Rental of premises	25,045	-
and crediting:		
Gain on disposal of intangible asset	(252)	-
Gain on foreign exchange (realised)	(12,044)	-
Government grant recognised	(45,525)	-
Interest income	(1,213)	-

17.2 EMPLOYEES BENEFITS EXPENSES

	Group 2017 A\$	Company 2017 A\$
Salaries, wages and bonus	160,751	38,189
Defined contribution plan	16,673	1,852
Others	1,606	-
	179,030	40,041

The number of employees of the Group and the Company at 30 June 2017 is 13 and 2 respectively including two executive Directors of the Company.

18 INCOME TAX EXPENSE

	Group 2017 A\$	Company 2017 A\$
Loss before tax	(244,688)	(231,343)
Statutory tax rate 24%	(58,725)	(41,642)
Tax effect of expenses not deductible for tax purposes	35,403	34,375
Deferred tax asset not recognised during the period	23,322	21,147
Tax charge	-	-

The tax effects of the deferred taxation benefits not recognised in the financial statement are as follows:

	2017 A\$	2017 A\$
Unabsorbed tax losses	23,322	21,147

The subsidiary of the Company has been awarded the BioNexus Status and 100% tax exemption of the statutory income for a period of 5 years effective from 30 March 2015.

19 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2017 A\$	Company 2017 A\$
Purchase of property, plant and equipment	39,208	-
Less: Purchase made directly by finance lease	(32,966)	-
Net cash flow	6,242	-

20 FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- a) Loans and receivables ("LR"); and
- b) Other financial liabilities measured at amortised cost ("OL")

Group	Carrying Amount	LR/(OL)
2017	A\$	A\$
Financial Assets		
Trade receivables	139,590	139,590
Other receivable, deposits and prepayment	196,119	196,119
Fixed deposits with licensed banks	6,049	6,049
Cash and bank balances	17,694	17,694
	<u>359,452</u>	<u>359,452</u>
Financial Liabilities		
Trade payables	(85,532)	(85,532)
Other payables and accruals	(67,115)	(67,115)
Finance lease payables	(42,738)	(42,738)
	<u>(195,385)</u>	<u>(195,385)</u>
Company		
2017		
Financial Assets		
Cash and bank balances	393	393
Financial Liabilities		
Other payables and accruals	(7,417)	(7,417)

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Group's business. The Group has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's principal financial risk management policies are as follows:

21.1 CREDIT RISK

Cash and bank balances are placed with reputable financial institutions based on rating agencies' ratings. The Group placed funds in respect of other financial assets by reference to the investment evaluation procedures to ensure that the credit risk is kept at minimum level.

Therefore, credit risk arises mainly from the inability of its customers to make payments when due. Trade receivables presented in the statement of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Group's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes.

The Group does not hold any collateral and thus, the credit exposure is continuously monitored by the Directors.

21.2 LIQUIDITY RISK

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The weighted average effective interest rates of these non-derivative financial liabilities are disclosed in the respective notes.

	Not later than 1 month or on demand A\$	1 month – 3 months A\$	3 months – 1 year A\$	1 - 5 years A\$	Total A\$
2017					
Trade payables	22,179	51,568	11,785	-	85,532
Other payables	65,724	-	-	-	65,724
Finance lease payables	951	1,902	6,624	33,261	42,738

22 RELATED PARTY TRANSACTION

There were no related party transactions.

23 EVENT AFTER THE REPORTING DATE

There were no event incurred after the reporting date.

24 CONTINGENT LIABILITIES

There are no contingent liabilities as at the date of these financial statements.

25 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 8 September 2017.

26 COMPARATIVE INFORMATION

This is the first financial statements of the Group and the Company, there is no comparative figures for the corresponding year to date in preceding financial year available as no financial report was prepared for the comparative financial period concerned.