

**VGX LIMITED**  
(Incorporated in British Virgin Islands)  
(Company reg no: ARBN 612 834 572)

**INTERIM FINANCIAL STATEMENTS**

**31 DECEMBER 2020**

**VGX LIMITED**  
*(Incorporated in British Virgin Islands)*  
*(Company reg no: ARBN 612 834 572)*

**INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

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*The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by VGX Limited during the interim reporting period in accordance with the continuous disclosure requirements of the National Stock Exchange of Australia ("NSX") Listing Rules.*

**VGX LIMITED  
DIRECTORS' REPORT  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

The Directors are pleased to present their report and the interim financial statements of VGX Limited and its controlled entity ("the Group") for the six months ended 31 December 2020.

**DIRECTORS**

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

Augustine Chan Kwok Chuen  
Chong Ying Choy  
Eric Chung Chi Kong  
Kong Teck Chin  
Yap Poh Yee

**REVIEW OF OPERATIONS**

The principal activity of the Company is an investment holding company. The principal activity of its controlled entities are to carry on business of research, development and commercialisation of food and agriculture related technologies. There have been no significant changes in the nature of these activities during the six months ended 31 December 2020.

The Company and its controlled entities for the six months ended 31 December 2020 produced a loss, which comprise mainly administrative and distribution expenses incurred from the Group.

On behalf of the Board of Directors



**ERIC CHUNG CHI KONG**  
**Director**



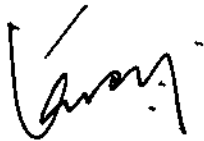
**YAP POH YEE**  
**Director**

Kuala Lumpur  
8 March 2021

**VGX LIMITED**  
**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the accompanying interim consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2020 and of the results of the business, changes in equity and cash flows of the Group for the six months ended on that date and as at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



**ERIC CHUNG CHI KONG**  
**Director**



**YAP POH YEE**  
**Director**

Kuala Lumpur  
8 March 2021

**INDEPENDENT AUDITORS' REPORT ON  
REVIEW OF  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TO THE MEMBERS OF VGX LIMITED**  
(Company Regn. No. ARBN 612 834 572)

**Introduction**

We have reviewed the accompanying interim consolidated statement of financial position as at 31 December 2020 and the interim consolidated statements of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and selected explanatory notes and a summary of significant accounting policies ("Financial Information") of VGX LIMITED AND ITS CONTROLLED ENTITIES ("the Group"). Directors are responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements as at and for the six months ended 31 December 2020 are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting.



HML & CO.  
AF: 1325  
Chartered Accountants  
Kuala Lumpur, Malaysia  
8 March 2021

**VGX LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

		<b>Group</b>	
	<b>Note</b>	<b>31.12.2020</b>	<b>30.6.2020</b>
		<b>A\$</b>	<b>A\$</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	9,362	15,549
Intangible asset	6	195,660	221,019
Goodwill	7	69,915	73,335
		<u>274,937</u>	<u>309,903</u>
<b>CURRENT ASSETS</b>			
Inventories	8	10,338	11,770
Trade receivables		38,313	28,760
Other receivables, deposits and prepayment	9	368,573	394,225
Cash and bank balances		762	551
		<u>417,986</u>	<u>435,306</u>
<b>TOTAL ASSETS</b>		<u>692,923</u>	<u>745,209</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	10	338,781	338,781
Accumulated losses		(387,137)	(345,558)
Foreign currency translation reserve		(4,032)	(911)
		<u>(52,388)</u>	<u>(7,688)</u>
Minority interest		102,652	95,946
<b>SHAREHOLDERS' EQUITY</b>		<u>50,264</u>	<u>88,258</u>
<b>NON-CURRENT LIABILITIES</b>			
Amount owing to Directors	11	467,461	490,123
Finance lease payables	12	13,189	16,606
		<u>480,650</u>	<u>506,729</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		42,103	45,101
Other payables and accruals	13	114,687	101,093
Finance lease payables	12	5,219	4,028
		<u>162,009</u>	<u>150,222</u>
<b>TOTAL LIABILITIES</b>		<u>642,659</u>	<u>656,951</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>692,923</u>	<u>745,209</u>

The accompanying notes form an integral part of the financial statements

**VGX LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

	<b>Group</b>	
	<b>Six Months Ended 31.12.2020 A\$</b>	<b>Six Months Ended 31.12.2019 A\$</b>
Revenue	209,754	264,962
Cost of sales	(84,246)	(97,860)
Gross profit	125,508	167,102
Other operating income	5,486	154
Administration expenses	(94,406)	(141,768)
Distribution expenses	(45,228)	(53,477)
Research and development expenses	(4,880)	(31,127)
Other operating expenses	(21,114)	(24,107)
Loss from operations	(34,634)	(83,223)
Finance costs	(239)	(717)
Loss before tax	(34,873)	(83,940)
Income tax expense	-	-
Loss and total comprehensive loss for the period	(34,873)	(83,940)
Minority interest	(6,706)	-
Loss and total comprehensive loss for the period	(41,579)	(83,940)
<b>Other comprehensive income:</b>		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(3,121)	2,706
Loss and total comprehensive loss for the period	(44,700)	(81,234)
<b>Loss per share:</b>		
Basic - cents per share	(0.08)	(0.08)

The accompanying notes form an integral part of the financial statements

**VGX LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

	<b>Share capital</b> <b>A\$</b>	<b>Accumulated</b> <b>losses</b> <b>A\$</b>	<b>Foreign</b> <b>currency</b> <b>translation</b> <b>reserve</b> <b>A\$</b>	<b>Non-</b> <b>controlling</b> <b>interest</b> <b>A\$</b>	<b>Total</b> <b>A\$</b>
As at 1 July 2020	338,781	(345,558)	(911)	95,946	88,258
Loss and total comprehensive loss for the period	-	(41,579)	(3,121)	6,706	(37,994)
As at 31 December 2020	<u>338,781</u>	<u>(387,137)</u>	<u>(4,032)</u>	<u>102,652</u>	<u>50,264</u>

	<b>Share</b> <b>capital</b> <b>A\$</b>	<b>Accumulated</b> <b>losses</b> <b>A\$</b>	<b>Foreign</b> <b>currency</b> <b>translation</b> <b>reserve</b> <b>A\$</b>	<b>Non-</b> <b>controlling</b> <b>interest</b> <b>A\$</b>	<b>Total</b> <b>A\$</b>
As at 1 July 2019	691,390	(562,500)	47,453	-	176,343
Loss and total comprehensive loss for the period	-	(83,940)	2,706	-	(81,234)
As at 31 December 2019	<u>691,390</u>	<u>(646,440)</u>	<u>50,159</u>	<u>-</u>	<u>95,109</u>

The accompanying notes form an integral part of the financial statements



**VGX LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

	<b>Group</b>	
	<b>Six Months</b>	<b>Six Months</b>
	<b>Ended</b>	<b>Ended</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>A\$</b>	<b>A\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(34,873)	(83,940)
Adjustments for:		
Amortisation of intangible asset	15,492	16,309
Depreciation of property, plant and equipment	5,460	7,757
Interest expenses	239	717
Operating loss before working capital changes	(13,682)	(59,157)
Decrease in inventories	1,432	4,655
Increase in trade receivables	(9,553)	(18,792)
Decrease/(Increase) in other receivables, deposits and prepayment	25,652	(19,879)
Decrease in trade payables	(2,998)	(2,914)
Increase in other payables and accruals	13,594	9,367
Cash from/(used in) operations	14,445	(86,720)
Interest paid	(239)	(717)
Net cash from/(used in) operating activities	14,206	(87,437)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment to)/Advance from Directors	(22,662)	103,191
Repayment of finance lease payables	(2,226)	(3,952)
Net cash (used in)/from financing activities	(24,888)	99,239
Net (decrease)/increase in cash and cash equivalents	(10,682)	11,802
Effect of exchange rate changes on cash and cash equivalents	10,893	(1,172)
Cash and cash equivalents at beginning of the period	551	1,385
Cash and cash equivalents at end of the period	762	12,015
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	762	12,015

The accompanying notes form an integral part of the financial statements

**VGX LIMITED**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

**1 GENERAL CORPORATE INFORMATION AND NATURE OF OPERATIONS**

The interim consolidated financial statements are for the six months ended 31 December 2020 and are presented in Australian Dollars. They have been prepared in accordance with *IAS 34 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRSs”), and were authorised for issue in accordance with the resolution of the Directors on the date of this statement.

VGX Limited is a company limited by shares incorporated and domiciled 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 Company is an investment holding company and it holds 49% of the issued share capital of Virgin Greens X Sdn. Bhd., a Malaysian *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.

There have been no significant changes in the nature of these activities during the six months ended 31 December 2020.

On 24 September 2020, the subsidiary, Virgin Greens X Sdn. Bhd., incorporated a new subsidiary, MG AgriWorks Sdn. Bhd., a Malaysian company which engage in application of biotechnology in agriculture and distribution of sustainable products for plant nutrition, growth and protection.

**2 BASIS OF PREPARATION**

**BASIS OF PRESENTATION CURRENCY AND COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

These interim consolidated financial statements (“interim financial statements”) as at and for the six months ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as “the Group”) and are presented in Australian Dollars. They have been prepared in accordance with *IAS 34 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRSs”).

These interim financial statements are intended to provide users with an update on the annual financial statements of VGX LIMITED. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report to be read in conjunction with the last annual financial statements of the Group as at and for the year ended 30 June 2020.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (“IASB”).

#### **3.1 ADOPTION OF NEW AND AMENDED STANDARDS**

During the period, the Group have adopted all the amendments to IFRS that are mandatory for the current period. The adoption of the amendments to IFRS did not have any significant impact on the financial statements of the Group.

IFRSs, IFRICs and amendments to IFRSs effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3, Definition of a Business
- Amendments to IAS 1 and IAS 8, Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform

IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions

#### **3.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Group did not adopt an earlier application of the following new and revised IFRSs which have been issued by the IASB but are not yet effective for current period ended 31 December 2020.

IFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

Amendment to IFRS 4, IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16, Property, Plant and Equipment
- Annual Improvements to IFRS Standards 2018 – 2020

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2023:

- IFRS 17, Insurance Contracts
- Amendments to IFRS 17, Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IAS 8, Definition of Accounting Estimates

IFRSs, IFRIC and amendments effective for annual periods beginning on or after a date yet to be confirmed:

- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Group will adopt the above IFRSs in the respective financial years when they become effective.

### **3.3 PROPERTY, PLANT AND EQUIPMENT**

#### ***i) Recognition And Measurement***

Property, plant and equipment are measured at costs less any accumulated depreciation and any accumulated impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the costs of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “other expenses” respectively in statement of comprehensive income.

#### ***ii) Subsequent Costs***

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to statement of comprehensive income. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income as incurred.

### **iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives, as follows:

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

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted where appropriate.

## **3.4 IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL**

At each reporting date, the Group 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 estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the 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 (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, 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 subsequently reverses, the carrying amount of the asset (or a 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 (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income, 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.

## **3.5 INTANGIBLE ASSETS**

Intangible assets are recognised when it is probable that expected future economic benefits that are attributable to the assets will flow to the Group, the cost or value of the assets can be measured reliably and the assets do not result from expenditure incurred internally on an intangible item.

Intangible assets acquired separately are measured at cost initially. Subsequently, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intellectual property rights are amortised on a straight-line method over the estimated useful lives of 10 years. The amortisation period and method are reviewed if there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date.

### **3.6 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 weighted average 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.

### **3.7 FINANCIAL INSTRUMENTS**

#### ***i) Initial Recognition And Measurement***

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group becomes a party to the contractual provisions of the instrument.

If a contract, whether financial or non-financial, contains an embedded derivative, the Group assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial asset out of the fair value through statement of comprehensive income category.

On initial recognition, all financial assets and financial liabilities (including government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through statement of comprehensive income. For instruments measured at fair value through statement of comprehensive income, transaction costs are expensed to statement of comprehensive income when incurred.

#### ***ii) Derecognition Of Financial Instruments***

For derecognition purposes, the Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

**iii) *Subsequent Measurement Of Financial Assets And Financial Liabilities***

For the purpose of subsequent measurement, the Group classifies trade and other receivables, advances to related parties, and cash and cash equivalents in the category of loans and receivables. The Group has no other categories of financial assets.

After initial recognition, the Group measures:

- (a) financial assets in the loans and receivables category as at amortised cost using the effective interest method; and
- (b) financial liabilities comprise trade and other payables and advances from related parties. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method.

**iv) *Recognition Of Gains And Losses***

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in statement of comprehensive income only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

**v) *Impairment And Uncollectibility Of Financial Assets***

The Group applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidence of trigger loss events include:

- (a) significant difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payment;
- (c) granting exceptional concession to a customer;
- (d) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at its original effective interest rate. Any impairment loss is recognised in statement of comprehensive income and a corresponding amount is recorded in an allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in statement of comprehensive income with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's experience of loss ratio in each class, taking into consideration current market conditions.

### **3.8 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

### **3.9 FOREIGN CURRENCY TRANSLATION**

#### ***i) Foreign Currency Transaction And Balances***

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### ***ii) Foreign Operations***

The results and financial position of operations that have a functional currency different from the presentation currency ("A\$") ("Foreign Operation") are translated into A\$ as follows:

- (a)** Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;



- (b) Income and expenses for each income statement are translated at the exchange rate at the date of the transactions or an average rate that approximates those rates; and
- (c) All resulting exchange differences are taken to the FCTR within other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, translated at the closing rate at the reporting date.

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to statement of comprehensive income as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

### 3.10 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

The closing rates of exchange of the foreign currency used as at the end of the period/year is as follow:

	31.12.2020	30.6.2020
	A\$	A\$
1 Ringgit Malaysia	0.3223	0.3400

### **3.11 PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group 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 risk 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.

## **4 ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS DUE TO THE COVID-19 PANDEMIC**

When preparing these interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Due to the currently unforeseeable global consequences of the COVID-19 pandemic, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on the Interim Financial Statements.

## 5 PROPERTY, PLANT AND EQUIPMENT

	As at 1 July 2020 A\$	Additions A\$	Exchange difference A\$	As at 31 December 2020 A\$
<b><u>Cost</u></b>				
Computer	4,776	-	(223)	4,553
Lab equipment	15,930	-	(743)	15,187
Motor vehicles	71,866	-	(3,352)	68,514
Office equipment	1,966	-	(92)	1,874
	<u>94,538</u>	<u>-</u>	<u>(4,410)</u>	<u>90,128</u>

	As at 1 July 2020 A\$	Charges for the period A\$	Exchange difference A\$	As at 31 December 2020 A\$
<b><u>Accumulated Depreciation</u></b>				
Computer	4,672	86	(218)	4,540
Lab equipment	11,481	1,518	(535)	12,464
Motor vehicles	61,214	3,808	(2,855)	62,167
Office equipment	1,622	48	(75)	1,595
	<u>78,989</u>	<u>5,460</u>	<u>(3,683)</u>	<u>80,766</u>

	31.12.2020 A\$	30.6.2020 A\$
<b><u>Carrying Amounts</u></b>		
Computer	13	104
Lab equipment	2,723	4,449
Motor vehicles	6,347	10,652
Office equipment	279	344
	<u>9,362</u>	<u>15,549</u>

The carrying amounts of the property, plant and equipment under finance lease of the Group is as follow:

	31.12.2020 A\$	30.6.2020 A\$
Motor vehicle	<u>6,346</u>	<u>10,651</u>

The costs of fully depreciated property, plant and equipment of the Group are as follows:

	<b>Group</b>	
	<b>31.12.2020</b>	<b>30.6.2020</b>
	<b>A\$</b>	<b>A\$</b>
Computer	4,199	4,194
Lab equipment	8,092	-
Motor vehicles	30,430	31,919
Office equipment	1,390	1,458
	<u>44,111</u>	<u>37,571</u>

## 6 INTANGIBLE ASSET

<b>GROUP</b>	<b>Intellectual property rights A\$</b>	<b>Total A\$</b>
Cost		
At beginning of the period	314,911	314,911
Exchange difference	(9,867)	(9,867)
At end of the period	<u>305,044</u>	<u>305,044</u>
Accumulated amortisation		
At beginning of the period	93,892	93,892
Amortisation charges for the period	15,492	15,492
At end of the period	<u>109,384</u>	<u>109,384</u>
Carrying amounts		
As at 31 December 2020	<u>195,660</u>	<u>195,660</u>
As at 30 June 2020	<u>221,019</u>	<u>221,019</u>

## 7 GOODWILL

	<b>31.12.2020</b>	<b>30.6.2020</b>
	<b>A\$</b>	<b>A\$</b>
At beginning of the period	73,335	10,105
Addition due to capital reduction	-	63,230
Exchange difference	(3,420)	-
At end of the period	<u>69,915</u>	<u>73,335</u>

## 8 INVENTORIES

	31.12.2020 A\$	30.6.2020 A\$
At cost:		
Biotech products (finished goods)	1,420	1,507
Packaging material	8,918	10,263
	<u>10,338</u>	<u>11,770</u>

## 9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	Group 31.12.2020 A\$	30.6.2020 A\$
Other receivables	366,967	391,280
Deposits	340	696
Prepayment	<u>1,266</u>	<u>2,249</u>
	<u>368,573</u>	<u>394,225</u>

Other receivable of A\$366,370 (30.6.2020: A\$390,560) is owing by a company controlled by two Directors of the Company.

## 10 CAPITAL AND RESERVES

### 10.1 SHARE CAPITAL

	Group 31.12.2020	30.6.2020
<b>Number of shares (units)</b>		
At beginning of the period/year	52,343,270	106,823,000
Capital reduction	-	(54,479,730)
At end of the period/year	<u>52,343,270</u>	<u>52,343,270</u>
<b>Issued and Paid-up (A\$)</b>		
At beginning of the period/year	338,781	691,390
Capital reduction	-	(352,609)
At end of the period/year	<u>338,781</u>	<u>338,781</u>

### 10.2 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from translation of the financial statements of the Company and foreign operations with different functional currencies from that of the Group's presentation currency.

## 11 AMOUNT OWING TO DIRECTORS

The amount is unsecured, interest free and not repayable on demand.

## 12 FINANCE LEASE PAYABLES

	<b>Group</b>	
	<b>31.12.2020</b>	<b>30.6.2020</b>
	<b>A\$</b>	<b>A\$</b>
Finance lease payables	19,917	22,460
Less: Interest in suspense	<u>(1,509)</u>	<u>(1,826)</u>
	<u>18,408</u>	<u>20,634</u>
 Total principal sums payable		
- within 1 year	5,219	4,028
- more than 1 year but not later than 5 years	<u>13,189</u>	<u>16,606</u>
	<u>18,408</u>	<u>20,634</u>

The Group obtains finance lease facilities to finance certain of its motor vehicles. The average remaining lease term is 3 years as at 31 December 2020. Implicit interest rates of the finance lease range from 2.64% - 2.66% (30.6.2020: 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

	<b>Group</b>	
	<b>31.12.2020</b>	<b>30.6.2020</b>
	<b>A\$</b>	<b>A\$</b>
Other payables	112,671	97,493
Accruals	<u>2,016</u>	<u>3,600</u>
	<u>114,687</u>	<u>101,093</u>

## 14 NEGATIVE NET TANGIBLE ASSET BACKING PER SHARE

	<b>31.12.2020</b>	<b>30.6.2020</b>
	<b>A\$</b>	<b>A\$</b>
Negative net tangible assets	<u>215,311</u>	<u>206,096</u>
Number of issued shares	<u>52,343,270</u>	<u>52,343,270</u>
Negative net tangible asset backing per share	<u>0.41 cents</u>	<u>0.39 cents</u>

## 15 RELATED PARTY TRANSACTIONS

### 15.1 SIGNIFICANT RELATED PARTY TRANSACTION

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 11 and 13, the significant related party transactions of the Group and of the Company are as follows:

	<b>Group</b> <b>31.12.2020</b> A\$	<b>30.6.2020</b> A\$
Net advances (to)/from Directors	(22,662)	84,476
Net advances (from)/to a company controlled by two Directors of the Company	<u>(24,190)</u>	<u>10,501</u>

### 15.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

	<b>Group</b> <b>1.7.2020</b> to <b>31.12.2020</b> A\$	<b>1.7.2019</b> to <b>31.12.2019</b> A\$
Short term benefits	<u>28,331</u>	<u>66,826</u>

Key management personnel comprise Directors of the Group and other persons in the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

## 16 SIGNIFICANT EVENT DURING THE PERIOD

On 24 September 2020, the subsidiary of the Company, Virgin Greens X Sdn. Bhd. ("VGX") incorporated a new subsidiary, MG AgriWorks Sdn. Bhd. ("MG AgriWoks") in Malaysia under the Companies Act 2016. VGXM hold 100% of the total number of issued shares of MG AgriWorks. The principal activity of MG Agriworks is to engage in application of biotechnology in agriculture and distribution of sustainable products for plant nutrition, growth and protection.

## 17 SEASONAL/CYCLICAL FACTORS

The operations of the Company were not significantly affected by seasonality and cyclical factors.

## 18 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the six months ended 31 December 2020.

**19 DEBT AND EQUITY SECURITIES**

There were no issuance, repurchase and repayments of debt and equity securities during the six months ended 31 December 2020.

**20 DIVIDEND PAID**

No dividend paid during the reporting period.

**21 COMPARATIVE FIGURES**

The comparative figures of statement of comprehensive income and statement of cash flows are for the period from 1 July 2019 to 31 December 2019.