Wellnex Life Limited

ABN 77 150 759 363

Annual Report - 30 June 2022

Wellnex Life Limited
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30 June 2022

Directors	Eric Jiang (Non-Executive Director) Kobe Li (Non-Executive Director) George Karafotias (Executive Director) Zack Bozinovski (Executive Director)
Company secretary	Kobe Li
Registered office and Principal place of business	Building 2, Level 3, Suite 69, 574 Plummer St Port Melbourne VIC 3207 Phone: +61 3 8399 9419
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Phone: 1300 787 272 (within Australia) Phone: +61 3 9415 5000 (overseas callers)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Holding Redlich Level 8, 555 Bourke Street Melbourne VIC 3000
Stock exchange listing	Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX code: WNX and WNXO)
Website	www.wellnexlife.com.au

Wellnex Life Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited, formerly known as Wattle Health Australia Limited, (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors
The following persons were directors of Wellnex Life Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Eric Jiang (Non-Executive Director)
Zheng (Kobe) Li (Non-Executive Director)
George Karafotias (Chief Executive Officer and Executive Director)
Zack Bozinovski (Executive Director) (appointed 13 July 2021)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- acquisition of Brand Solutions Australia and Pharma Solutions Australia business; and
- marketing and selling a portfolio of premium branded products for the health and wellness market.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
Financial performance and position

Revenue for the period was $18.61million an increase of 1,457.1% on the prior corresponding period (30 June 2021 of: $1.2 million). The strong revenue increase includes minimal sales from the supply agreement signed with GSK which will accelerate in the coming year. Further increases in revenue in the coming financial year will come from the launch of Pharmacy Own, Performance Inspired, Australia’s first organic A2 infant formula range and organic growth of our existing brands.

Loss for the full year of $7.45 million was down 70% on the prior corresponding period (30 June 2021: $24.69 million), which was driven by the following:

- One-off expenses of $1.6 million in costs associated with the acquisition of Brand Solutions Australia, re-quotation of the Company’s securities to official quotation on the ASX and various capital raises;
- Share-based payment of $0.63 million;
- Write down of the Little Innoscents goodwill balance of $0.47 million (The Company is preparing to re-launch the brand with new packaging and formulations); and
- Circa $1.5 million one-off costs in the preparation of exciting new launches in Wakey Wakey, The Iron Company, Pharmacy Own, Performance Inspired, Ocean Road Dairies organic A2 infant formula and commencement of approval for an S3 registered medicinal cannabis product.

The loss from normal business operations excluding one-off and non-cash expenses was circa $3.25 million, with the Company is on a trajectory to profitability. This will come from an increase in revenue but also as importantly an increase in margins, as a higher proportion of the Company’s revenue will be derived from Wellnex’s owned brands.

The Company main growth drivers for this financial year include:

- Continued growth in Wakey Wakey and The Iron Company, which is ranged in over 2,000 pharmacies and leading grocery retailers in Coles and Woolworths.
- Launch of Australia’s first Organic A2 infant formula, Ocean Road Dairies, in Chemist Warehouse commencing in October 2022.
- Launch of Pharmacy Own in an exclusive distribution agreement with one of Australia’s largest pharmaceutical providers CH2, with first sales in December 2022.
- Continued growth in contract manufacturing (including GSK), with confirmed purchase orders received by the Company to date at circa $5 million for this financial year.
- Launch of medicinal cannabis products by the third quarter of this financial year for the SAS market in conjunction with the Company applying for an S3 registration.

Financial Position

The total assets of the entity at 30 June 2022 were $19.6 million (30 June 2021: $10.43 million), an increase of 91%. The net assets of the entity were $4.4 million (30 June 2021: deficit of $0.2 million).

The Company is currently pursuing a total of $4.1 million through the administrator of Corio Bay Dairy Group for preferential creditor payments. The administrator has sent letter of demands to the relevant parties with negotiations commencing with at least one party to settle the claim. Funds have been provided in a trust account to prepare for litigation against these parties. While the Company cannot validate the amount to be recovered, legal advice suggests that the claims are strong with a good prospect of recovery. No amounts have been recorded in the Group's statement of financial position in respect of this matter as at 30 June 2022.

The statement of financial position provides a strong platform for the business to execute its business objectives of continuing to grow its brands, products and revenue in the fast growing health and wellness market.

Birth of Wellnex Life Limited

Financial Year 2022 has been a period of transformation and growth, with the acquisition of Brand Solutions Australia that was completed on 1 July 2021. This also enabled the Company to have its shares re-instated to official quotation on the ASX after close to 24 months of suspension. The Company has been aggressive to continually grow the business with new exciting brand launches, signing of exciting licensing agreement and securing a momentous supply agreement with one of the world's largest pharmaceutical companies in GSK.

Brand and Product Growth

Wellnex Life during the financial year continued to grow its brand and product portfolio with some exciting new and planned launches that build on the strategy of developing new and innovative wholly owned brands that will build on our presence in the market, revenue and most importantly margins.

1. Wagner Health Liquigesic

Wellnex Life launched Australia's first TGA approved soft gel liquid paracetamol product and subsequently entered into a joint venture with leading retailer Chemist Warehouse under the Wagner Health Liquigesic brand. Wagner Health Liquigesic commenced selling across Chemist Warehouse in October which was complimented soon after with a paracetamol plus ibuprofen soft gel product. We have seen sales growing over this period with further multiple subsequent orders received to meet ever increasing demand.

The IP of the product remains the property of Wellnex, thus allowing the same product to be provided to parties like GSK amongst others, but just as important will be part of the Pharmacy Own launch.
The Company during the period, and approved by shareholders, changed the name of the Company from Wattle Health Australia Limited to Wellnex Life Limited.

The Company's new name better reflects the new direction the business is undertaking as an established participant in the health and wellness market.

2. The Iron Company

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, with 2 initial varieties including a straight Iron and an Iron plus vitamin C. The uniqueness of this product has resulted in the brand being ranged in all major pharmaceutical retailers and major grocery retailers Coles and Woolworths.

The Company anticipates that as brand awareness increases there will be continued growth in sales for the brand which will provide a healthy margin for the organisation.

3. Wakey Wakey

Wellnex Life successfully launched and rolled out a new energy brand, Wakey Wakey, in both an effervescent tablet and gummy format. With this new innovative product and packaging it secured ranging in all major pharmacy and grocery retailers.

Initial sales have been strong and will continue to grow and importantly provide healthy margin to Wellnex Life.

4. Pharmacy Own
Wellnex Life during the period signed an exclusive supply agreement with one of Australia's pharmaceutical and medical consumable distributors, CH2, for the launch of Pharmacy Own. Wellnex Life during the period has been developing a strong offer of over the counter (OTC) products that will provide consumers equivalent efficacious products to the major brands found in the Australian market.

The Supply Agreement with CH2 will allow Wellnex Life to gain significant national distribution across the CH2's network for the "Pharmacy Own" brand, which includes circa 2000 domestic pharmacies. This launch builds on the existing brand launches in FY22 that are providing high margin products for the growing consumer demand.

5. Performance Inspired
Wellnex Life secured the distribution rights for Mark Wahlberg's and Tom Dowd's sport and supplements brand, Performance Inspired for Australia and New Zealand and first right to distribute into the Asian market. This premium band has secured distribution with Chemist Warehouse with products to be on shelf in October 2022.

Wellnex Life during the period secured for the products to be manufactured locally which will give Wellnex Life a grater margin, minimise logistic costs and ensure timely supply.

6. Contract Manufacturing
Wellnex Life in developing innovative and unique products continues to grow its contract manufacturing business, including securing a momentous supply agreement with GSK for its liquid paracetamol soft gel product. Wellnex Life has seen a significant growth in orders in the first 2 months of the new financial year of circa $5 million which is circa 200% increase in orders received in FY22.

<u>Other matters</u>

Wellnex Life during the period redeemed $2 million in Convertible notes and issued $2.4 million in new notes with on superior terms with a coupon rate of 9% and converting at $0.20 per share with an expiry of 13 months from issue.

Subsequently the Company redeemed the outstanding notes via the issue of new convertible notes, raising $6.15 million, with a coupon rate of 9% and converting at $0.21 per shares with an expiry of 24 months from issue.

Significant changes in the state of affairs
On 1 July 2021, Wellnex Life completed the acquisition of established brand and distribution company, Brand Solutions Australia via the issue of 13,331,667 fully paid ordinary shares and the payment of $2.75 million cash. The total consideration of the acquisition is approximately $6.16 million. With regards to the fair value of assets and liabilities acquired the majority of the value is expected to be realised in the value of the brand names by the Group.

On 5 July 2021, the Company completed a Rights Issue raising $2.17 million (before costs) through the issue of 14,515,931 fully paid ordinary shares at $0.15 (15 cents) per share.

On 9 July 2021, the Company issued 41,808,781 fully paid ordinary shares to convert shareholder loans of $5.6 million and convertible loans of $1 million.

On 9 July 2021, the Company Issued 13.5 million unlisted options to Reach Corporate at a conversion price of $0.15 expiring 24 months from issue.

On 9 July 2021, the Company issued 47,525,221 listed options at a conversion price of $0.20 expiring 10 July 2023. The Company was issued to the following parties:

- Reach Corporate 7,500,000
- Shareholder and Convertible Loan investors – 26,160,078
- Institutional Placement Investors (April 2020) – 13,865,143

On 13 July 2021, the Company appointed Executive Director George Karafotias to the role of Chief Executive Officer. On the same day Zack Bozinovski was appointed as Executive Director and Chief Strategy Officer.

On 14 July 2021, the Company received confirmation from the ASX that the Company's securities would achieve re-quotation to official quotation.

On 20 July 2021, the Company converted $200,000 of the Convertible Loans via the issue of 1,333,333 fully paid ordinary shares and 666,667 listed options at $0.20 expiring 10 July 2023

On 18 August 2021, the Company secured a licensing agreement with Mark Wahlberg's Performance Inspired brand on an exclusive basis for Australia and New Zealand.

On 20 August 2021, the Company converted $250,000 of the Convertible Loans via the issue of 1,666,666 fully paid ordinary shares and 833,333 listed options at $0.20 expiring 10 July 2023.

On 10 September 2021, the Company redeemed $2,000,000 of the Convertible Loans through existing cash reserves.

On 30 September 2021, the Company refinanced its previous, unconverted $2 million Loan Note, with the issue of new Convertible Note, raising up to $2.5 million on more favourable terms. The new Notes have a conversion price at $0.20 per share and coupon rate of 9%, expiring 13 months from issue date. In the event of a conversion, the new Notes will allow the Noteholders to be issued one listed option at $0.20 per share for every two shares converted, expiring 10 July 2023.

On 16 February 2022, the Company announced that it had formalised a joint venture to launch Ocean Road Dairies, Australia's first organic A2 infant formula range using fresh Australian milk. The joint venture has formally secured ranging of Ocean Diaries in Australia's largest pharmacy chain, Chemist Warehouse. The ranging is targeted to commence by the end of FY22 in Chemist Warehouse pharmacies nationally (circa 500 stores).

On 18 March 2022, the Company signed a Supply Agreement with GSK CTS (a subsidiary of GSK Consumer Healthcare). Under the Agreement, Wellnex Life will supply its innovative soft gel liquid paracetamol to GSK CTS for it to be retailed in Australia and New Zealand under GSK Consumer Healthcare's pain relief brand. The term of the Agreement is for a minimum of three years. Wellnex Life will also be responsible for the manufacture of the products for GSK CTS.

On 21 March 2022, the Company issued the following unquoted options to Reach Corporate Pty Ltd as approved by the shareholders at Annual General Meeting held on 24 January 2022:

- 2,500,000 Class C options with an exercise price of $0.18 (18 cents) and expiring on 20 August 2024; and
- 7,500,000 Class D options with an exercise price of $0.20 (20 cents) and expiring on 20 August 2024.

On 2 June 2022, the Company successfully raised $6.2 million via a Secured Convertible Note facility. The convertible note was issued on 17 June 2022. Key terms are as follows:

(1) Amount - $6.2 million
(2) Conversion Price - $0.21 per share
(3) Coupon Rate – 9% per annum (paid quarterly in arrears)
(4) Bonus Option – 1:2 option on the conversion of the note @ $0.21 per share with 24-month term from issue
(5) Term – 24 months (Company can request a redemption at 12 months until expiry)
(6) Security – General Charge over the Company

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 18 July 2022 the Company announced that it had formalised a joint venture with Onelife Botanicals for the manufacture, distribution and sale of cannabis and hemp-based products. The Joint Venture will allow Wellnex to be one of the first to market with a registered medicinal product under S3 registration and allow it to bring to market products under SAS by the end of CY22.

Wellnex once it obtains an S3 registration will obtain 4% of the fully diluted capital of Onelife Botanicals.

On 23 September 2022 the Company announced the launch of a Share Purchase Plan (SPP) with a target raise of $2 million, with the ability to take overs. The SPP will be at $0.075 per share a discount of 19.7% to the 5-day VWAP at launch of SPP.

Funds will be used to accelerate the Company's over the counter S3 medicinal cannabis approvals and to invest in the various brand and product launches planned for FY23.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The Company will continue to expand its established brand and product portfolio in the health and wellness market across its substantial distribution network, with the Company having over 15 brands distributed in retailers that represent over 90% of sales in the health and wellness sector.

At the time of the preparation of this report the Company has launched a further 3 new brands, Wagner Liquigesics, Wakey Wakey and The Iron Company, with ranging secured in major pharmaceutical and grocery retailers.

The Company is also looking at expanding its current Little Innoscents offerings with new products and formulations and looking at options for its Uganic infant formula range.

The Company will continue to operate a capital light business model ensuring it has the financial capacity to take advantage of the opportunities in the growing health and wellness market.

Business risk management
The Company is committed to the effective management of risk to reduce uncertainty in the Company’s business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Company’s strategic objectives and future prospects.

Key risks and mitigation activities associated with the Company's objectives are set out below:

Risk as a relatively new entrant in the health and wellness market

Wellnex is a relatively new entrant in the health and wellness industry and, as an early stage growth company, Wellnex currently faces challenges in product development, profile / brand building and market penetration for its products and services (in both local and overseas markets).
These risks will in part turn upon the Company's ability to:

(a) continue to build on customer acceptance on current and proposed new products in the health and wellness segment;
(b) maintain and source high quality manufacturers to produce the current and proposed products;
(c) maintain and expand distribution channels (such as Chemist Warehouse) and continue to develop within Australian domestic and export markets; and
(d) have the required capital to maintain and expand operations including investing in marketing.

The Company aims to reduce this risk by conducting a significant amount of research and development on its products before making the decision to commercialise its products and bring to market.

Sufficiency of funding

Wellnex has limited financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of new and current product lines and its other longer-term objectives. It is likely that Wellnex in the future may require additional capital (debt or equity) for working capital and, if that occurs by way of an equity issue, there is no guarantee of the issue price at which such additional equity capital is raised and there is potential dilution for existing shareholders.

The Company's ability to raise additional funds and the price at which any funds are raised, will be subject to, among other things, factors beyond the control of Wellnex and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by Wellnex on favourable terms, if at all.

The Company prepares forecasts to ensure it has sufficient funding sources as and when required into the future.

Manufacturing/production risks

Wellnex is reliant on third parties to manufacture its current products. The Company will have various contractual rights in the event of non-compliance by contracting party.

However, no assurance can be given that all contracts will be fully performed by all contracting parties or in the case of a breach that the Company will be successful in securing compliance with the terms of each contract by the relevant counterparties to its contracts. There is also no assurance as to the financial strength of the parties to complete their obligations under the various contracts when such financial obligations fall due.

The Company seeks to mitigate its manufacturing and production risks by reviewing the ability its third party manufacturers to ensure the ability to meet the Company’s requirements on an ongoing basis.

Logistics risk

Wellnex is reliant on out-sourced logistics. Accordingly, if an adverse event occurs such as a strike, poor logistics technology, increases in the price of energy, changes in transport services and the physical destruction of infrastructure (e.g. roads and railways), Wellnex (or its third party providers) may not be able to efficiently supply and deliver the Company's products. This may have an adverse impact on the Company's financial performance.

The Company seeks to have back up third party providers in the event that its current logistics providers are not available.

COVID-19 pandemic

As a result of the COVID-19 pandemic, global credit and investment markets have experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Shares trade, regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

The Company continues to put in place mitigation strategies in relation to the COVID-19 pandemic and ensures a COVID safe environment is carried out at all of its locations.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Eric Jiang
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce (Honours) & Bachelor of Arts
Experience and expertise:	With over 15 years' experience, Eric Jiang is an adviser to companies involved in trade between Australia and China. Eric brings a distinctive understanding of the cultural, economic and strategic context in which Australian businesses engage with China.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nomination Committee, member of Audit and Risk Committee
Interests in shares:	1,882,371 fully paid ordinary shares.

Name:	Zheng (Kobe) Li
Title:	Non-Executive Director
Qualifications:	AGIA
Experience and expertise:	Prior to his appointment as director in January 2019, Mr Li spent the previous 8 years with the Australian Securities Exchange (ASX) Listing Compliance team, as a Senior Advisor overseeing a portfolio of listed entities ensuring compliance with the ASX listing rules. During his tenure at the ASX he worked on many Initial Public Offerings (IPO's) and numerous complex corporate transactions. Kobe is a member of the Governance Institute of Australia.
Other current directorships:	Broo Limited (ASX: BEE)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee, Member of Remuneration and Nomination Committee
Interests in shares:	300,000 fully paid ordinary shares

Name:	George Karafotias
Title:	Executive Director and Chief Executive Officer
Qualifications:	B. Comm
Experience and expertise:	Mr Karafotias is an accountant holding a Bachelor of Commerce degree from the University of Adelaide. He has held various roles in numerous public companies over the last 9 years and has previously provided corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing.
Other current directorships:	Broo Limited (ASX: BEE)
Former directorships (last 3 years):	Perpetual Resources Limited (ASX:PEC) - resigned 31 December 2021.
Interests in shares:	613,453 fully paid ordinary shares

Name:	Zlatko (Zack) Bozinovski (appointed 13 July 2021)
Title:	Executive Director and Chief Strategy Officer
Qualifications:	None
Experience and expertise:	Mr Bozinovski is a highly successful and seasoned executive in the Australian retail industry with over 35 years' experience within FMCG and Pharmaceuticals companies in Australia and internationally. Mr Bozinovski co-founded Voost and has previously held senior positions at Uncle Tobys/Goodman Fielder, Pepsi Co and Sigma Pharmaceuticals.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	12,663,500 fully paid ordinary shares
Interests in options:	3 (convertible into fully paid ordinary shares, on the terms set out in the Company's prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Kobe Li

Mr Li's qualifications and experience are set out above.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination		Audit & Risk	
	Attended	Held	Committee Attended	Committee Held	Committee Attended	Committee Held
Eric Jiang	6	6	-	-	-	-
Kobe Li	6	6	-	-	-	-
George Karafotias	6	6	-	-	-	-
Zack Bozinovski*	5	5	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

* Appointed effective 13 July 2021

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors may be issued with equity instruments as LTIs (long term incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth, as Directors are able to influence the generation of shareholder wealth.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:
- base pay and non-monetary benefits
- long-term incentives

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments.

Consolidated entity performance and link to remuneration
The Board is of the opinion that improved results can be further improved by the adoption of performance based compensation.

The consolidated entity did not use a remuneration consultant during the year.

Voting and comments made at the Company's Annual General Meeting ('AGM') held on 24 January 2022
At the AGM held on 4 January 2022, 99.02% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Wellnex Life Limited:
- Eric Jiang (Non-Executive Director)
- Zheng (Kobe) Li (Non-Executive Director)
- George Karafotias (Chief Financial Officer and appointed as Executive Director 9 November 2020)
- Zack Bozinovski (Executive Director) (appointed 13 July 2021)

30 June 2022	Short-term benefits Cash salary and fees $	 Annual leave $	Post-employment benefits Super-annuation $	 Long service leave $	Share-based payments Equity-settled $	 Total $
Non-Executive Directors:						
Eric Jiang (1)	85,000	-	-	-	-	85,000
Kobe Li (2)	185,250	-	-	-	-	185,250
Executive Directors:						
Zlatko Bozinsvki	303,500	14,008	29,013	4,861	-	351,382
George Karafotias (3)	346,667	19,726	25,532	8,602	-	400,527
	920,417	33,734	54,545	13,463	-	1,022,159

(1) Amounts paid includes Directors fees for FY21 amounting to $33,000.
(2) Mr Li's remuneration comprised directors fees of $40,000 fees of $50,000 for Company secretarial services and fees of $95,250 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.
(3) This amount includes salary and wages for June 2021 which was paid in July 2021 and not accrued during FY21.

30 June 2021	Short-term benefits Cash salary and fees $	 Annual leave $	Post-employment benefits Super-annuation $	 Long service leave $	Share-based payments Equity-settled $	 Total $
Non-Executive Directors:						
Eric Jiang (1)	56,940	-	-	-	-	56,940
Kobe Li (2)	147,600	-	-	-	-	147,600
Executive Directors:						
George Karafotias (3)	328,043	24,701	19,503	8,846	-	381,093
Tony McKenna (3)	38,052	-	3,615	-	-	41,667
	570,635	24,701	23,118	8,846	-	627,300

(1) Mr Li's remuneration comprised directors fees of $40,000, fees of $50,000 for Company secretarial services and fees of $57,600 for additional secretarial and consulting services outside the scope of normal director and agreed company secretarial work.
(2) Appointed as director 9 November 2020 but was Key Management Personnel for the full year. These amounts reflect remuneration for the full year. Amount for Cash Salary and Fees include net movement in annual leave provision during the year.
(3) Resigned 6 November 2020.

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	George Karafotias
Title:	Chief Executive Officer and Executive Director
Term of agreement:	No fixed term.
Details:	Annual remuneration of $325,000 plus statutory superannuation. No specific notice period nor specific termination payment provided for.

Name:	Zlato Bozinovski
Title:	Executive Director and Chief Strategy Officer
Term of agreement:	No fixed term
Details:	Annual remuneration of $300,000 plus statutory superannuation. No specific notice period nor specific termination payment provided for.

Name:	Eric Jiang
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	Annual remuneration of $52,000 plus statutory superannuation

Name:	Kobe Li
Title:	Non-Executive Director and Company Secretary
Term of agreement:	No fixed term
Details:	Annual remuneration of $40,000 (excluding GST) for director fees and annual remuneration of $50,000 (excluding GST) for company secretarial service fees.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Revenue and other income	18,793	1,434	1,107	1,095	1,524
Net loss	(7,449)	(20,119)	(65,443)	(10,341)	(19,839)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021*	2020*	2019	2018
Share price at financial year end ($)	0.06	0.53	0.53	0.50	1.17

* The Company's shares were placed into ASX suspension on 2 October 2019 and remained in suspension on 30 June 2020 and 30 June 2021. The shares were reinstated to ASX official quotation on 14 July 2021. The Company's share price was 12 cents at the end of the first day of trading after the shares were reinstated to quotation.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
Ordinary shares					
Eric Jiang	1,882,371	-	-	-	1,882,371
Kobe Li	-	-	300,000	-	300,000
George Karafotias	613,454	-	213,893	-	827,347
Zack Bozinovski	-	-	12,663,500	-	12,663,500
	2,495,825	-	13,177,393	-	15,673,218

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Wellnex Life Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
21 May 2021	10 July 2023	$0.20	47,525,221
9 July 2021	30 September 2023	$0.15	13,500,000
9 July 2021	Expiring various dates*	-	3
20 July 2021	10 July 2023	$0.20	666,667
20 August 2021	10 July 2023	$0.20	833,333
22 March 2022	20 August 2024	$0.18	2,500,000
22 March 2022	20 August 2024	$0.20	7,500,000
			72,525,224

* Consideration Options - refer to the Prospectus released to the ASX on 13 May 2021 and Notice of Meeting released to the ASX on 20 April 2021 for more details of the terms of these options.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Wellnex Life Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
The Audit Risk & Compliance Committee is responsible for the maintenance of audit independence. Specifically, the Risk Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Chairman of the Audit, Risk and Compliance Committee.

During the year William Buck, the Group’s auditor, has performed certain other services in addition to the audit and review of the financial statements. The Audit Risk & Compliance Committee has considered the non-audit services provided during the year by the auditor and in accordance with the advice provided by the Board, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Risk &
  Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, William Buck, for audit and non-audit services provided during the year are set out in Note 26.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

George Karafotias
Executive Director

30 September 2022
Melbourne

WilliamBuck
ACCOUNTANTS & ADVISORS

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne, 30 September 2022

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com
williambuck.com.au

Wellnex Life Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Revenue	5	18,607	1,195
Other income		186	239
Expenses			
Raw materials and consumables used		(14,107)	(1,360)
Administrative and corporate expenses		(4,624)	(2,795)
Share based payments issued to third parties	8	(628)	(2,345)
Employee benefits expense		(3,304)	(1,281)
Selling, marketing and distribution expenses		(1,666)	(1,981)
Depreciation and amortisation expense	7	(147)	(83)
Loss on disposal of CBDG		-	(8,346)
Impairment of assets	6	(339)	(636)
Impairment of goodwill	14,6	(471)	-
Movement in fair value of investments		-	(1,100)
Finance costs		(956)	(1,626)
Loss before income tax expense		(7,449)	(20,119)
Income tax expense	9	-	-
Loss after income tax expense for the year		(7,449)	(20,119)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(7,449)	(20,119)
Loss for the year is attributable to:			
Non-controlling interest		-	4,569
Owners of Wellnex Life Limited		(7,449)	(24,688)
		(7,449)	(20,119)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		-	4,569
Owners of Wellnex Life Limited		(7,449)	(24,688)
		(7,449)	(20,119)
		Cents	**Cents**
Basic loss per share	36	(2.47)	(10.31)
Diluted loss per share	36	(2.47)	(10.31)

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

Wellnex Life Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Assets			
Current assets			
Cash and cash equivalents		3,181	7,775
Trade and other receivables	10	6,171	886
Inventories	11	4,319	664
Prepayments and other	12	168	493
Total current assets		13,839	9,818
Non-current assets			
Property, plant and equipment		42	-
Right-of-use assets	13	269	125
Intangibles	14	5,459	479
Total non-current assets		5,770	604
Total assets		19,609	10,422
Liabilities			
Current liabilities			
Trade and other payables	15	7,086	1,266
Borrowings	16	2,377	9,175
Lease liabilities	17	95	30
Employee benefit provisions	18	192	76
Provisions		55	-
Total current liabilities		9,805	10,547
Non-current liabilities			
Borrowings	19	5,198	-
Lease liabilities	20	188	103
Employee benefit provisions	21	59	21
Total non-current liabilities		5,445	124
Total liabilities		15,250	10,671
Net assets/(liabilities)		4,359	(249)
Equity			
Issued capital	22	102,620	91,726
Reserves	23	3,450	2,512
Accumulated losses		(101,711)	(94,487)
Total equity/(deficiency)		4,359	(249)

The above statement of financial position should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	**Issued capital $'000**	**Share-based payment reserve $'000**	**Convertible loan reserve $'000**	**Accumulated losses attributable to owners of the Parent entity $'000**	**Non-controlling interest $'000**	**Total deficiency in equity $'000**
Balance at 1 July 2020	91,726	12,233	-	(81,755)	(19,383)	2,821
Profit/(loss) after income tax expense for the year	-	-	-	(24,688)	4,569	(20,119)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(24,688)	4,569	(20,119)
Reserve relating to new compound financial instruments	-	-	167	-	-	167
Transactions with owners in their capacity as owners:						
Share-based payments (note 37)	-	2,345	-	-	-	2,345
Expiry of employee Loan Share Plan shares	-	(12,233)	-	12,233	-	-
Derecognition of non-controlling interest upon deconsolidation of Corio Bay Dairy Group	-	-	-	-	14,737	14,737
Derecognition of non-controlling interest upon full acquisition of Little Innoscents	-	-	-	-	77	77
Adjustment to equity arising from change in Little Innoscents non-controlling interest	-	-	-	(277)	-	(277)
Balance at 30 June 2021	91,726	2,345	167	(94,487)	-	(249)

Wellnex Life Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	**Issued capital $'000**	**Share-based payment reserve $'000**	**Convertible loan reserve $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 July 2021	91,726	2,345	167	(94,487)	(249)
Loss after income tax expense for the year	-	-	-	(7,449)	(7,449)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(7,449)	(7,449)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	2,006	-	-	-	2,006
Share-based payments (note 37)	-	628	-	-	628
Issue of shares as partial consideration for the BSA transaction (note 22)	2,000	-	-	-	2,000
Issue of shares of conversion of shareholder and convertible loans (note 22)	6,721	-	-	-	6,721
Transfers to issued capital on conversion of convertible loans	167	-	(167)	-	-
Recognition of equity component of convertible note issued during the year	-	-	702	-	702
Derecognition of convertible notes reserve on repayment and re-issue of notes	-	-	(225)	225	-
Balance at 30 June 2022	102,620	2,973	477	(101,711)	4,359

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wellnex Life Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,880	1,271
Payments to suppliers and employees (inclusive of GST)		(26,332)	(5,270)
Interest received		3	-
Interest and other finance costs paid		(221)	(439)
Government grants		59	62
Net cash used in operating activities	35	(8,611)	(4,376)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(3,816)	-
Transaction costs related to purchase of business		(450)	-
Payments for investments		(3)	(666)
Payments for intellectual property		(42)	-
Payments relating to investment projects		-	(791)
Proceeds received from CBDG administrator in settlement of CBDG loan		666	11,000
Proceeds from term deposits		-	21
Relinquishment of cash upon deconsolidation of CBDG		-	(80)
Net cash from/(used in) investing activities		(3,645)	9,484
Cash flows from financing activities			
Proceeds from issue of shares	22	2,177	-
Transaction costs related to issues of equity		(171)	-
Proceeds from issue of convertible debt securities	19	5,991	(1,139)
Transaction costs related to loans and borrowings		(576)	(370)
Proceeds from borrowings		3,713	3,220
Share applications refunded		-	(81)
Repayment of borrowings		(3,372)	(10)
Repayment of lease liabilities		(100)	(71)
Net cash from financing activities		7,662	1,549
Net increase/(decrease) in cash and cash equivalents		(4,594)	6,657
Cash and cash equivalents at the beginning of the financial year		7,775	1,118
Cash and cash equivalents at the end of the financial year		3,181	7,775

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

Note 1. General information

The financial statements cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

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

Building 2, Level 3, 574 Plummer St Port Melbourne VIC 3207

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

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

Note 2. Significant accounting policies

These general purpose financial statements for the full year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, other than as disclosed in the financial statements.

New or amended Accounting Standards and Interpretations adopted

The below table outlines Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily to the Company. None of these standards have been early adopted and they will not have a material impact of the Company.

Note 2. Significant accounting policies (continued)

Accounting Standards and Interpretations	Applicable to annual reporting periods beginning on or after
AASB 2020-1 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current	1 Jan 2023
AASB 2020 -3 Amendments to AASs - Annual Improvements 2018-2020 and Other Amendments	1 Jan 2022
AASB 2020-6 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current – Deferral of Effective Date	1 Jan 2022
AASB 2021-2 Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
AASB 2021-5 Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
AASB 2014-10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2025

Continuation of business
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity made a loss after tax of $7,449,000 during the year ended 30 June 2022 (2021: loss of $20,119,000) and the net cash used in operating activities was $8,611,000 (2021: $4,376,000 net outflow).

The cash balance as at 30 June 2022 was $3,181,000 (30 June 2021: $7,775,000). The excess of current assets over current liabilities as at 30 June 2022 was $4,034,000 (30 June 2021: excess current liabilities over current assets of $729,000). The net asset surplus as at 30 June 2022 was $4,359,000 (30 June 2021: net asset deficiency of $249,000).

Notwithstanding these results, the directors believe that the Company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the basis that the consolidated entity will continue its business activities (and that, therefore, the Company is a going concern) for the following reasons:

- the Company has refocused on its core business strategy of developing, marketing, and distributing health and wellness products, including the scaling and expansion of its product portfolio;
- the Company has acquired the Brand Solutions Australia business, providing the consolidated entity with a wider and more diverse range of consumer health and wellness brands and products as well as supporting capabilities, including experienced management, R&D, sales and marketing and supply relationships;
- the Company has strengthened its cash position, following the completion of capital raisings during the year;
- the Company has, following the end of the June 2022 financial year, announced a Share Purchase Plan (SPP) seeking to raise approximately $2 million to strengthen the Company's working capital position;
- the Company held a significant amount of inventory at the end of the financial year which will provide cashflow in future financial periods once sold to customers;
- since the end of the June 2022 financial year, the Company has launched new brands and products, has entered into a new licensing agreement and has secured ranging of its products in major pharmaceutical and grocery retailers.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, unless otherwise noted.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Note 2. Significant accounting policies (continued)

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

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenue recognition
The consolidated entity recognises revenue as follows:

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Inventory is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Significant accounting policies (continued)

Financial assets

Unless otherwise noted, financial assets are measured at amortised cost if held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets, including investments in other companies are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and property, plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant or equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer relationships
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Brands
Brands acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life range of 5-20 years.

Borrowing costs
Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Note 2. Significant accounting policies (continued)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 2. Significant accounting policies (continued)

Equity-settled share-based compensation benefits may be provided to employees and equity-settled share-based payments may be made to third parties as consideration for the provision of services or as settlement of other transactions.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees or other parties in exchange for the rendering of services or as transaction consideration. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees or other parties to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee or other party, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee or other party and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Loss per share

Basic earnings/loss per share
Basic earnings/loss per share is calculated by dividing the profit/loss attributable to the owners of Wellnex Life Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/loss per share
Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions
Unless noted otherwise, the consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of option-based transactions is determined by using either the Binomial or Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, as well as the terms and conditions upon which the instruments were granted.

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

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

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and/or tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets were recognised as at 30 June 2022.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the year ended 30 June 2022 the consolidated entity acquired the assets of Brand Solutions Australia. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and wellness products throughout Australasia. All revenue and assets generated during the financial year were generated in Australia.

All revenues of the consolidated entity are recognised at a point in time for all revenue types.

Note 5. Revenue

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Goods transferred at a point in time	18,607	1,195

During the financial year, there were 3 customers which generated $6.95 million in revenue for the consolidated entity which represents 37.4% of all revenue for the financial year (30 June 2021: no significant customers).

Note 6. Expenses - Impairment of assets

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Impairment of receivables - Loan to Corio Bay Dairy Group Limited	-	602
Impairment of trade receivables	-	34
Impairment of goodwill	471	-
Impairment of inventory	339	-
	810	636

Details of significant write offs and impairments shown above are as follows:

- During the financial year, the Company impaired the carrying amount of inventory by $339,000.
- During the financial year, a review of the carrying amount of goodwill relating to the Company's investment in Little Innoscents was carried out and a decision to impair the remaining carrying amount was made. The decision to impair the carrying amount was following a strategic review of the brand and an impairment expense of $471,000 has been recorded.

Note 7. Expenses

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	41	3
Land and buildings right-of-use assets	78	72
Total depreciation	119	75
Amortisation		
Patents and trademarks	-	8
Customer relations	28	-
Total amortisation	28	8
Total depreciation and amortisation	147	83
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	2,871	1,230

Note 8. Share based payments

(a) Issues of options to service providers and placement share recipients

During the current and previous financial years, the Company recorded share based payment expenses comprising the value of options issued to advisors and to recipients of placement shares. Further details are set out in Note 37.

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Advisor options	628	1,512
Placement options	-	833
	628	2,345

Note 9. Income tax benefit

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	51,559	44,110
Potential tax benefit @ 25%	12,890	11,028

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Trade receivables	5,691	212
Amounts receivable from Corio Bay Group Pty Ltd	461	-
	6,152	212
Loan - Corio Bay Dairy Group Pty Ltd	-	500
Joint Venture - Ocean Dairies Pty Ltd	19	-
	19	500
GST receivable	-	174
	6,171	886

The Amount receivable from Corio Bay Dairy Group Pty Ltd reflects the estimated remaining funds the Company expects to receive from the administrator of its debtor Corio Bay Dairy Group Pty Ltd (CBDG) and reflects the total receivable of $1,102,000, less the impairment write-down of $602,000 referred to in Note 6 and any payments received during the year. The amount is currently held on trust for the Company by the administrator of CBDG.

Allowance for expected credit losses
The ageing of trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	30 June 2022 %	30 June 2021 %	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Not overdue	-	-	4,119	57	-	-
30 to 60 days overdue	-	-	917	83	-	-
60 to 90 days overdue	-	-	408	20	-	-
90 days overdue	-	-	247	52	-	-
			5,691	212	-	-

Note 11. Current assets - Inventories

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Finished goods - at cost	4,319	664

Note 12. Current assets - Prepayments and other

	Consolidated	
	30 June 2022 $'000	**30 June 2021 $'000**
Prepayments	168	27
Other current assets	-	466
	168	493

Other current assets comprises an advance payment made to secure the Company's acquisition of the Brand Solutions Australia and Pharma Solutions Australia business, as announced to the market on 13 April 2021. Following completion of the acquisition after 30 June 2021 this amount is to be transferred to the Company's recorded investment in this business.

Note 13. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2022 $'000	**30 June 2021 $'000**
Land and buildings - right-of-use	395	173
Less: Accumulated depreciation	(126)	(48)
	269	125

The consolidated entity leases land and buildings for its offices and warehouses under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases office equipment under agreements of 5 years.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings - right-of-use $'000	Total $'000
Balance at 1 July 2020	-	-
Additions	173	173
Depreciation expense	(48)	(48)
Balance at 30 June 2021	125	125
Additions	36	36
Additions through business combinations (note 32)	186	186
Depreciation expense	(78)	(78)
Balance at 30 June 2022	269	269

Note 14. Non-current assets - intangibles

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Goodwill - at cost	5,004	471
Patents and trademarks - at cost	74	69
Less: Accumulated amortisation	(3)	(61)
	71	8
Brands - at cost	136	-
Customer Relationships - at cost	276	-
Less: Accumulated amortisation	(28)	-
	248	-
	5,459	479

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Patents & trademarks $'000	Brands $'000	Customer Relationships $'000	Total $'000
Balance at 1 July 2020	875	69	-	-	944
Impairment of assets	(404)	(61)	-	-	(465)
Balance at 30 June 2021	471	8	-	-	479
Additions	-	66	-	-	66
Additions through business combinations (note 32)	5,004	-	136	276	5,416
Impairment of assets	(471)	-	-	-	(471)
Amortisation expense	-	(3)	-	(28)	(31)
Balance at 30 June 2022	5,004	71	136	248	5,459

During the financial year, a review of the carrying amount of goodwill relating to the Company's investment in Little Innoscents was carried out and a decision to impair the remaining carrying amount was made. The decision to impair the carrying amount was following a strategic review of the brand and an impairment charge of $471,000 has been recorded during the financial year. The $471,000 impaired goodwill belonged to the Little Innoscents cash generating unit (CGU). The impairment assessment was performed using a Value in Use model, and it was found that the recoverable amount of the CGU per the model was less than the carrying amount of the goodwill.

Goodwill
Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or when a subsidiary is disclosed as an asset held for sale, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Note 14. Non-current assets - intangibles (continued)

Intangible Assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported
at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Recoverable amount of goodwill
In accordance with AASB 136, impairment testing has been undertaken for all cash generating units (CGUs) with indefinite intangibles or where there is an indication of impairment.

During the financial year, the consolidated entity the assets of leading brand and distribution businesses Brand Solutions Australia and Pharma Solutions Australia ("BSA") for total consideration of $6.2 million. The acquisition has been accounted as a Business Combination under AASB 3 Business Combinations. BSA has expanded portfolio of brands that provides a diversified range of products in fast growing consumer health and wellness sectors. The consolidated entity has conducted a review of the carrying amount of goodwill during the year and allocated amounts to two identifiable intangibles, being Brands ($136,000) and Customer relationships ($276.000).

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of BSA. It represented the excess of the cost of the acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the consolidated entity's cash generating units (CGUs) identified according to the consolidated entity's operating segments for impairment testing purposes.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value-in-use.

Value in use and key assumptions

The consolidated entity estimates the value-in-use of the BSA CGU's using discounted cash flows. For the current reporting period, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates and assumptions used in the value in use calculations are stated below:

- Discount rate - 24.6%
- Management has made numerous assumptions about the budgeted revenue to be achieved in 2023, and this has resulted in a budgeted revenue increase compared to the actual revenues in 2022, this contemplates successful launch of new products from existing assets which would increase the Company’s revenues and cash flows.
- Growth projections - revenue increase at average rates of approximately 5% per annum, based on expected trends.
- Expenses increase at average rates of 2.5% per annum, based on past based on past and expected trends
- Long term growth rate used to extrapolate cash flow projections beyond forecast period - 2.5% per annum

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Note 14. Non-current assets - intangibles (continued)

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in revenue growth and operating costs/ overheads level in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

A change in the following sensitivities would have an impact in the carrying amount of intangibles and result in an impairment:
- a change to the discount rate to 25.3% compared to 24.6%;
- a reduction to the growth rate in sales from 5% to 3%; and
- a reduction in the value of the growth rate on the terminal value from 2.5% to 1.5%.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Trade Payables	5,707	805
Accruals	313	147
Wages and superannuation payable	120	42
ATO payable	827	170
Other payables	119	102
	7,086	1,266

Note 16. Current liabilities - borrowings

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Convertible loans	-	9,175
Insurance funding	36	-
Trade and debtor financing	2,341	-
	2,377	9,175

Trade and debtor facility

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

- total value of financing facility: $5,300,000
- term: minimum of 24 month to July 2023
- amount drawn down as at 31 December 2021: $1,692,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets

Note 17. Current liabilities - lease liabilities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Lease liability	95	30

Refer to note 24 for further information on financial instruments.

Note 18. Current liabilities - employee benefit provisions

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Annual leave	181	76
Long service leave	11	-
	192	76

Note 19. Non-current liabilities - borrowings

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Convertible notes payable	5,198	-

Consolidated	Convertible loans $'000
Balance 1 July 2021	9,175
Conversion of shareholder loans to issued capital (note 22)	(5,271)
Conversion of convertible loans to issued capital (note 22)	(1,450)
Repayment of convertible notes	(2,000)
Borrowing costs associated with convertible note issue	(591)
Proceeds from issue of new Convertible notes	5,991
Recognition of equity component of convertible note issued during the year	(702)
Accrued interest on convertible notes	46
Balance as at 30 June 2022	5,198

Convertible loans payable

On 2 June 2022, the Company refinanced its previous, unconverted $2.4 million Loan Note, with the issue of new Convertible Note. The key features of the new Convertible Note are as follows:

- amount drawn down as at 30 June 2022: $6,150,000 (before costs);
- the secured note has a term of 24 months from issue;
- the secured note has a coupon rate of 9% per annum;
- conversion price: $0.21 (21 cents) per share, with the noteholder having the right to receive one option for every two shares converted at a strike price of $0.21 (21 cents) with a 24 month term from issue;
- the Company can at any time choose to repay the convertible note financing, with the note holders having the right on the issue of a redemption notice by the Company to convert the convertible note into fully paid ordinary shares;
- the convertible note financing is secured by general and specific security deeds over all of the Company's assets;

Note 20. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Lease liability	188	103

Refer to note 24 for further information on financial instruments.

Note 21. Non-current liabilities - employee benefit provisions

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Long service leave	59	21

Note 22. Equity - issued capital

	Consolidated			
	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $'000	30 June 2021 $'000
Ordinary shares - fully paid	303,305,814	230,649,436	102,620	91,726

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 July 2020	244,086,936		91,726
Cancellation of loan funded shares	4 February 2021	(13,437,500)	$0.00	-
Balance	30 June 2021	230,649,436		91,726
Issue of shares as partial consideration for the BSA transaction	1 July 2021	13,331,667	$0.15	2,000
Issue of shares as part of a Rights Issue	5 July 2021	8,797,087	$0.15	1,320
Issue of shares as part of a Rights Issue	7 July 2021	5,718,844	$0.15	857
Issue of shares to convert shareholder loans	9 July 2021	35,142,115	$0.15	5,271
Issue of shares on conversion of convertible loans	9 July 2021	6,666,666	$0.15	1,000
Issue of shares on conversion of convertible loans	20 July 2021	1,333,333	$0.15	200
Issue of shares on conversion of convertible loans	20 August 2021	1,666,666	$0.15	250
Transfer from convertible loans reserve		-	-	167
Capital raising costs		-	-	(171)
Balance	30 June 2022	303,305,814		102,620

Note 23. Equity - Reserves

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Share-based payments reserve	2,973	2,345
Convertible loan reserve	477	167
	3,450	2,512

Note 23. Equity - Reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible loan reserve
The reserve is used to recognise the value of the equity component of compound financial instruments, including convertible loans.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Convertible loan reserve $'000	Share based payments reserve $'000	Total $'000
Balance at 1 July 2020	-	12,233	12,233
Share based payments	-	2,345	2,345
Expiry of employee Loan Share Plan shares	-	(12,233)	(12,233)
Reserve relating to new compound financial instruments	167	-	167
Balance at 30 June 2021	167	2,345	2,512
Share based payments	-	628	628
Transfers to issued capital on conversion of convertible loans	(167)	-	(167)
Recognition of equity component of convertible note issued during the year	702	-	702
Derecognition of convertible notes reserve on repayment and re-issue of notes	(225)	-	(225)
Balance at 30 June 2022	477	2,973	3,450

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Price risk
The consolidated entity does not currently face material price risk as it does not trade in products, nor hold investments, which are expected to be exposed to material price fluctuations.

Interest rate risk
As at reporting date the Consolidated Entity did not have a material interest rate risk arising from borrowings. The cash holding of the Consolidated Entity is highly liquid and short-term in nature and has no material fair value risk to changes in interest rates.

All borrowings entered into by the Company have fixed rates and as such do not expose the Company to any material interest rate risk.

Note 24. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity has a credit risk exposure with trade receivables, which as at 30 June 2022 owed the consolidated entity $5,691,000 (2021: $212,000. This balance was within its terms of trade and no impairment was made as at 30 June 2022. Management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required, or expected, to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	5,707	-	-	-	5,707
Accruals	-	313	-	-	-	313
Other payables	-	1,066	-	-	-	1,066
Interest-bearing - fixed rate						
Convertible loans	9%	-	5,198	-	-	5,198
Lease liability - head office	-	95	188	-	-	283
Trade finance facility	-	2,341	-	-	-	2,341
Insurance funding	-	36	-	-	-	36
Total non-derivatives		9,558	5,386	-	-	14,944

Note 24. Financial instruments (continued)

Consolidated - 30 June 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	805	-	-	-	805
Accruals	-	147	-	-	-	147
Other payables	-	324	-	-	-	324
Interest-bearing - fixed rate						
Convertible loans	4.80%	9,175	-	-	-	9,175
Lease liability Little Innoscents Warehouse	5.50%	30	32	71	-	133
Total non-derivatives		10,481	32	71	-	10,584

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Short-term employee benefits	954,151	595,336
Post-employment benefits	54,545	23,118
Long-term benefits	13,463	8,846
	1,022,159	627,300

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Audit services - William Buck		
Audit or review of the financial statements	99,000	77,000
Other services - William Buck		
Other assurance services	1,500	5,500
	100,500	82,500

Note 27. Contingent assets

Corio Bay Dairy Group Pty Ltd liquidation

The Company has decided to pursue action, in accordance with its rights as secured creditor of Corio Bay Dairy Group Pty Ltd (In Liquidation), to recover approximately $4.2 million identified as preferential creditor payments. It is possible that legal costs may be incurred by the Company to resolve this matter. At the date of this report the Administrator is in in negotiation with the relevant parties to reach a settlement with one party having agreed to settle their liability for $340,000 and a negotiation with 5 other parties remaining ongoing.

Note 28. Contingent liabilities

Chemist Warehouse share issue agreement

As part of the supplier agreement with Chemist Warehouse (CW), the Company is required to issue equity on the following specific milestones:

- 5,000,000 fully paid ordinary shares on CW ranging specified products of the Company's ultra-premium certified organic A2 protein based infant formula range across the CW retail network; and
- 10,869,792 fully paid ordinary shares on CW ranging further specified products of the Company's ultra-premium certified organic A2 protein based infant formula range across the CW retail network.

As at 30 June 2022 those milestones have not been met.

Note 29. Commitments

	Consolidated	
	30 June 2022 $'000	**30 June 2021 $'000**
Chemist Warehouse marketing support		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	600	1,200
One to five years	3,900	3,300
	4,500	4,500

Chemist Warehouse marketing support commitments arise from the Company's 10-year supply agreement with Chemist Warehouse for its full certified organic nutritional dairy range, including its premium range of Uganic infant formula and the Little Innoscents organic skin care range. Pursuant to the supply agreement, the Company will spend approximately $A1.2 million annually in marketing support, to build brand awareness, sales and brand loyalty, over the first five years of the agreement's term.

Note 30. Related party transactions

Parent entity
Wellnex Life Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 30. Related party transactions (continued)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022 $'000	**30 June 2021 $'000**
Loss after income tax	(5,645)	(11,645)
Total comprehensive loss	(5,645)	(11,645)

Statement of financial position

	Parent	
	30 June 2022 $'000	**30 June 2021 $'000**
Total current assets	3,940	9,335
Total assets	14,037	11,445
Total current liabilities	1,021	10,345
Total liabilities	6,771	10,366
Equity		
Issued capital	102,620	91,726
Share-based payments reserve	2,973	2,345
Convertible loan reserve	477	167
Accumulated losses	(98,804)	(93,159)
Total equity	7,266	1,079

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Business combinations

Brand Solutions Australia and Pharma Solutions Australia

On 1 July 2021, the Company acquired the assets of leading brand and distribution businesses Brand Solutions Australia and Pharma Solutions Australia ("BSA") for a total consideration of $6.2 million. The acquisition has been accounted as a Business Combination under AASB 3 Business Combinations. BSA has expanded portfolio of brands that provides a diversified range of products in fast growing consumer health and wellness sectors. BSA also provides access to more efficient manufacturing and speed to market whilst adding significant R&D capabilities for new product development.

The fair values of the identifiable net assets acquired are detailed below:

	Fair value $'000
Trade receivables	2,075
Inventories	4,229
Right-of-use assets	186
Intangible assets - Brand	136
Intangible assets - Customer Relationships	276
Trade payables	(5,392)
Bank overdraft	(119)
Employee benefits	(46)
Lease liability	(186)
Net assets acquired	1,159
Goodwill	5,004
Acquisition-date fair value of the total consideration transferred	6,163
Acquisition costs expensed to profit or loss	450
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,163
Add: bank overdraft	119
Less: shares issued by Company as part of consideration	(2,000)
Less: advance payment made in prior period	(466)
Net cash used	3,816

i. Consideration transferred
The Company paid a cash consideration of $4.16 million and issued 13,331,667 fully paid ordinary shares with a fair value of $0.15 per share to the vendors of BSA. The acquisition is also subject to deferred consideration. However in this instance, the deferred consideration will be treated as remuneration given the continuous employment of BSA founder by the Company.

ii. Earn out consideration
The Company will be required to issue the FY22, FY23 and FY24 consideration options, which will each be convertible into consideration shares as part of the deferred earn out consideration payable to the vendor during those FY22, FY23 and FY24 earn out period.

Earn Out Amounts

- The Earn Out Amounts are calculated for each Earn Out Period by comparison of the actual EBITDA performance of the Business for that financial year against a target EBITDA of $791,667 (EBITDA Hurdle).
- If the actual EBITDA for an Earn Out Period is less than or equal to the EBITDA Hurdle, no Earn Out Amount is payable and no Consideration Shares can be issued pursuant to the corresponding Consideration Option.
- If actual EBITDA for an Earn Out Period is greater than the EBITDA Hurdle, an Earn Out Amount equal to: (6.0 x EBITDA for the relevant Earn Out Period less the Completion Amount) x 50%, is payable for that Earn Out Period.

Note 32. Business combinations (continued)

The Earn Out Amounts do not form part of total consideration transferred on acquisition date. The Earn Out consideration payable is contingent on the vendor remaining in employment with the company and therefore it is to be treated as a remuneration expense in the statement of profit or loss and other comprehensive income.

iii. Acquisition related costs
Acquisition-related costs amounting to $450,000 are not included as part of consideration for the acquisition and have been recognised as transaction costs. These costs have been included within administration expenses in the statement of profit or loss and other comprehensive income.

iv. Identifiable net assets
The fair value of the trade receivables and inventories acquired as part of the business combination amounted to $2.1 million and $4.2 million respectively. As of the acquisition date, the company's best estimate is that all cash will be collected and the inventories were not impaired.

v. Goodwill
Goodwill of $5.0 million was primarily related to the providing the company a significant opportunity to accelerate growth in the consumer health and wellness sectors.

Goodwill was allocated to a single cash generating unit as at acquisition date. The goodwill that arose from this business combination is not deductible for tax purposes.

vi. Contribution to the Consolidated Entity's result
BSA contributed revenues of $17.8 million and net loss of $1.5 million from the date of the acquisition to 30 June 2022.

Note 33. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

			Parent		Non-controlling interest	
Name	**Principal place of business / Country of incorporation**	**Principal activities**	**Ownership interest 30 June 2022 %**	**Ownership interest 30 June 2021 %**	**Ownership interest 30 June 2022 %**	**Ownership interest 30 June 2021 %**
Little Innoscents Pty Ltd	Australia	Provision of organic baby skincare, aromatherapy essential oils and domestic cleaning products	100.00%	100.00%	-	-
Wattle Health Australia Investments Pty Ltd	Australia	Investment	100.00%	100.00%	-	-
BSPS Aust Pty Ltd	Australia	Brand Solutions Australia and Pharma Solutions Australia businesses	100.00%	-	-	-

In addition to the above entities, the Company has non-controlling interests in the following companies:

- Blend and Pack Pty Ltd (5% holding), which is held in Wattle Health Investments Pty Ltd, with the fair value of the investment at 30 June 2022 being $nil.

Note 34. Events after the reporting period

On 18 July 2022 the Company announced that it had formalised a joint venture with Onelife Botanicals for the manufacture, distribution and sale of cannabis and hemp-based products. The Joint Venture will allow Wellnex to be one of the first to market with a registered medicinal product under S3 registration and allow it to bring to market products under SAS by the end of CY22.

Wellnex once it obtains an S3 registration will obtain 4% of the fully diluted capital of Onelife Botanicals.

On 9 September 2022 the Company announced that it has entered into a binding Asset Sale Agreement to acquire 100% of the assets of premium teeth whitening business, Mr Bright. The acquisition was via the issue of $1.5 million in shares in Wellnex at a floor price of $0.10 per share or the 5-day VWAP prior to settlement (whichever is higher).

The transaction is subject to shareholder approval that will form part of the Annual General Meeting in November 2022.

On 23 September 2022 the Company announced the launch of a Share Purchase Plan (SPP) with a target raise of $2 million, with the ability to take overs. The SPP will be at $0.075 per share a discount of 19.7% to the 5-day VWAP at launch of SPP.

Funds will be used to accelerate the Company’s over the counter S3 medicinal cannabis approvals and to invest in the various brand and product launches planned for FY23.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Loss after income tax expense for the year	(7,449)	(20,119)
Adjustments for:		
Depreciation and amortisation	147	83
Impairment of non-current assets	339	-
Impairment of investments	-	1,100
Impairment of goodwill	471	-
Share-based payments	628	2,345
Impairment of receivables	-	602
Bad debts written off	-	33
Loss on disposal of Corio Bay Dairy Group	-	8,346
Derecognition of convertible notes on repayment and re-issue of notes	(225)	-
Non-cash finance charges	64	1,187
Reclassification of payments relating to investment projects from operating to investing	-	791
Reclassification of fund raising cost payments from operating to finance	-	1,509
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,285)	329
Decrease/(increase) in inventories	(3,655)	248
Decrease in prepayments	325	335
(Increase)/Decrease in deposits	-	(20)
Increase/(decrease) in trade and other payables	5,820	(1,252)
Increase in employee benefits	154	-
Increase in other provisions	55	-
Increase/(decrease) in provisions	-	107
Net cash used in operating activities	(8,611)	(4,376)

Note 36. Loss per share

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Loss after income tax	(7,449)	(20,119)
Non-controlling interest	-	(4,569)
Loss after income tax attributable to the owners of Wellnex Life Limited	(7,449)	(24,688)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	301,702,267	239,343,852
Weighted average number of ordinary shares used in calculating diluted earnings per share	301,702,267	239,343,852
	Cents	**Cents**
Basic loss per share	(2.47)	(10.31)
Diluted loss per share	(2.47)	(10.31)

The dilutive impact of loan funded shares and options has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these loan funded shares and options are non-dilutive as the consolidated entity is loss generating.

Note 37. Share-based payments

The consolidated entity may issue options to service providers as consideration for services provided to the consolidated entity.

On 9 July 2021 the Company issued options to Reach Corporate as consideration for the provision of corporate advisory services provided to the Company. The issued options, with a total fair value of approximately $1,512,000, were:

- 13,500,000 unquoted "Class A" options, with an exercise price of $0.15 (15 cents) and expiry date of 30 September 2023. The fair value of each option was 7.861 cents, and the approximate total value of this share based payment was $1,061,000; and
- 7,500,000 quoted "Class "B" options, with an exercise price of $0.20 (20 cents) and expiry date of 10 July 2023. The fair value of each option was 6.007 cents, and the approximate total value of this share based payment was $451,000.

On 9 July 2021 the Company also issued options to participants in a previous share placement. These options were granted as a condition of the conversion of the shareholder loan, as per the relevant shareholder loan agreement. The options issued were 13,865,143 quoted "Class "B" options, with an exercise price of $0.20 (20 cents) and expiry date of 10 July 2023. The fair value of each option was 6.007 cents, and the approximate total value of this share based payment was $833,000.

Although the abovementioned Class A and Class B options were issued in July 2021, for accounting purposes their grant date was deemed to be 21 May 2021, being the date of their approval by shareholders at the Company's Annual General Meeting and the point at which they were effectively fully vested. The relevant corporate advisory services for which options were to be issued had been provided prior to 30 June 2021 and the relevant shareholder agreement under which placement options were to be issued, and the relevant share placement, were made prior to 30 June 2021. Accordingly, the share based payments relating to these options were recognised as expenses in the year ended 30 June 2021.

In addition to the aforementioned options, the Company also had further 27,660,078 quoted Class "B" options on issue as at 30 June 2022. These options were free attaching options as detailed in the Company's prospectus dated 13 May 2021. Therefore the fair value of these options were nil.

Note 37. Share-based payments (continued)

On 21 March 2022, the consolidated entity issued a total of 10,000,000 unlisted options following receipt of shareholder approval at the Company's 2021 Annual General Meeting. The unlisted options were issued to Reach Corporate as follows:

- 2,500,000 Class C options exercisable at $0.18 and expiring on 20 August 2024; and
- 7,500,000 Class D options exercisable at $0.20 and expiring on 20 August 2024.

A share based payment expense relating to the options issued amounting to $628,000 has been recognised during the financial year.

Set out below are summaries of options deemed, for accounting purposes, as being granted during or prior to the year ended 30 June 2022, and their deemed balances at 30 June 2022:

30 June 2022

Deemed Grant date*	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/05/2021	30/09/2023	$0.15	13,500,000	-	-	-	13,500,000
21/05/2021	10/07/2023	$0.20	21,365,143	-	-	-	21,365,143
21/03/2022	20/08/2024	$0.18	-	2,500,000	-	-	2,500,000
21/03/2022	20/08/2024	$0.20	-	7,500,000	-	-	7,500,000
			34,865,143	10,000,000	-	-	44,865,143
Weighted average exercise price			$0.18	$0.19	$0.00	$0.00	$0.18

* Options were actually issued 9 July 2021, but for accounting purposes have a deemed grant date of 21 May 2021

All options on issue at 30 June 2022 are exercisable with the exception of the 3 options issued as deferred remuneration as part of the BSA business combination (refer to note 32).

30 June 2021

Deemed Grant date*	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/05/2021	30/09/2023	$0.15	-	13,500,000	-	-	13,500,000
21/05/2021	10/07/2023	$0.20	-	21,365,143	-	-	21,365,143
			-	34,865,143	-	-	34,865,143
Weighted average exercise price			$0.00	$0.18	$0.00	$0.00	$0.18

The Black-Scholes valuation model inputs used to determine the fair values at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/07/2021	10/07/2023	$0.15	$0.20	90.00%	-	0.14%	$0.07861
09/07/2021	30/09/2023	$0.15	$0.15	90.00%	-	0.14%	$0.06007
21/03/2022	20/08/2024	$0.12	$0.20	110.00%	-	0.14%	$0.06470
21/03/2022	20/08/2024	$0.12	$0.18	110.00%	-	0.14%	$0.06430

Wellnex Life Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

George Karafotias
Executive Director

30 September 2022
Melbourne

WilliamBuck
ACCOUNTANTS & ADVISORS

Wellnex Life Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Wellnex Life Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com
williambuck.com.au

<table>
<tr><th colspan="2">CONTINUATION OF BUSINESS</th></tr>
<tr><th>Area of focus
Refer also to Note 2</th><th>How our audit addressed it</th></tr>
<tr><td>As disclosed in Note 2, the group made a loss after tax of $7.45 million and the net cash used in operating activities was $8.61 million.

Notwithstanding these results, the financial statements have been prepared on the assumption that the Group is a going concern for the following reasons:
— The group has a working capital surplus of $4.03 million as at 30 June 2022;
— The Group is expected to generate positive operational cashflows from the launch of new brands during the next financial year; and
— At the date of our report the Group is in process of completing a capital raising, which will strengthen its working capital position.

Due to the loss for the year and cash outflow from operations this matter was a key area of focus for our audit.</td><td>Our audit procedures included:

— Evaluation of the directors’ assessment of the group’s ability to continue as a going concern; and
— Reviewing cash flow forecasts and reviewing the directors’ assumptions. Including future sales.

We have also assessed the adequacy of disclosures in relation to going concern in the notes to the financial report.</td></tr>
</table>

<table>
<tr><th colspan="2">ACQUISITION OF BSA</th></tr>
<tr><th>Area of focus
Refer also to notes 2, 3 and 32</th><th>How our audit addressed it</th></tr>
<tr><td>The Group acquired Brand Solutions Australia Pty Ltd (“BSA”) on 1 July 2021 for a total consideration of $6.16 million; this was considered a significant purchase for the group. Goodwill of $5.0 million was also recognised.

Accounting for this transaction is complex and required significant judgements and estimation by management, specifically:

— to determine the fair value of assets and liabilities acquired in the context of Australian Accounting Standards; and
— to determine the fair value of identifiable intangible assets that may exist on acquisition date.

As such this matter has been determined as a key area of focus for our audit.</td><td>Our audit procedures included:

— Assessing that the acquired entity meets the definition of a business under AASB 3 – Business Combinations and did not constitute a reverse acquisition;
— Reviewing the sale and purchase agreement to understand the key terms and conditions of the acquisition, including the date that control passed to the Group;
— Determining that the contingent payments associated with the business combination did not meet the definition of consideration and were treated as remuneration;
— Assessing the Group’s determination of fair values of assets acquired by performing audit procedures on opening balances at acquisition date; and
— Reviewing independent expert’s valuation of the fair value of identifiable intangible assets acquired.

We have also assessed the adequacy of the group’s disclosures in respect of the acquisition in the financial report.</td></tr>
</table>

CONVERTIBLE LOANS	
Area of focus **Refer also to notes 2 and 19**	**How our audit addressed it**
The group issued two series of convertible loans during the current financial year. Accounting for these transactions is complex, as the group's accounting policy requires the separation at initial recognition of the debt and equity component for a compound instrument, where material. An equity component is normally recognised when the holder has the option to convert to a fixed number of shares. Both the equity and financial liability components of the instrument are reflected in the financial report. Due to complexity of this matter it was determined to be a key area of focus for our audit.	Our audit procedures included: — Understanding the terms of the convertible loan agreements, including an assessment of classification between current and non-current for the underlying contract and a determination that the instrument meets the definition of a compound instrument under accounting standards; — Verifying the assumptions applied to determine the value of the equity component are appropriate through review of the independent expert report commissioned by the Group; and — Verifying that the finance charge and accrued interest recorded for the year ended 30 June 2022 were appropriately recognised. We have also assessed the adequacy of disclosures in relation to the convertible loans in the notes to the financials.

ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus **Refer also to notes 2, 3 and 14**	**How our audit addressed it**
During the financial year ended 30 June 2022 the group expanded its activities through the acquisition of Brand Solutions Australia Pty Ltd. The acquisitions created Goodwill on the Group's Consolidated Statement of Financial Position of $5.0 million. As a result of the acquisition of BSA, management have assessed BSA to be a new Cash Generating Unit ("CGU") and the Goodwill has been attributed to the BSA CGU. In addition the goodwill attributed to the historical Little Innoscents CGU, was impaired in full at 30 June 2022. The recoverable amount of the BSA CGU has been calculated based on a value-in-use discounted cashflow model, which examines the expected discounted cashflows of the CGU over a five-year period extending from reporting date, plus a terminal value. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — A detailed analysis of any changes to the business to determine the appropriateness of the new CGU; — An examination of the discounted cashflow model, testing for a) its arithmetical accuracy; b) the reasonableness of the future cashflows, comparing to historical trends of the business and its pipeline of future sales transactions and the overall industry climate affecting the economics of the business model; c) the reasonableness of key inputs into the model, including growth rates, the discount rate and the working capital levels associated with the derivation of those growth rates — An examination of key sensitivities of the group's future discounted cash flows to changes in key inputs; and — Cross-checking the overall net present value derived by the model to the current enterprise value of the business, embodied in its market capitalisation. We also considered the adequacy of the Group's disclosures in relation to the goodwill in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

William Buck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Wellnex Life Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne, 30 September 2022

Wellnex Life Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 9 September 2022.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://www.wellnexlife.com.au/

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares		Class A Unquoted options*	Class A Unquoted options	Class B Quoted options**	Class B Quoted options
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total options issued
1 to 1,000	1,146	0.21	-	-	2	-
1,001 to 5,000	1,497	1.39	-	-	-	-
5,001 to 10,000	726	1.85	-	-	1	0.01
10,001 to 100,000	1,299	14.00	6	1.91	49	5.76
100,001 and over	316	82.55	12	98.09	42	94.23
	4,984	100.00	18	100.00	94	100.00
Holding less than a marketable parcel	2,710	-	-	-	-	-

The total number of fully paid ordinary shares on issue is 303,305,814.

* Class A Unquoted Options (ASX: WNXAA) Ex @ $0.15 Expiring 30-SEP-2023. The total number of Class A Unquoted Options on issue is 13,500,000. CLASSIQUE CAPITAL PTY LTD holds all of the Class A unquoted options with 13,500,000 units.

** Class B Quoted Options (ASX: WNXO) Ex @ $0.20 Expiring 10-JUL-2023. The total number of Class B Quoted Options on issue 49,025,221.

In addition to the above securities, the Company has following unquoted equity security holders by size of holding:

Distribution of Consideration Options from BSA transaction (ASX: WNXAE)	Number of holders - Unquoted Consideration Options	% of total Consideration Options held
1 - 1,000	2	100
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - and over	-	-
	2	100

The total number of Consideration Options from the BSA transaction on issue is 3. Siebelco Pty Ltd has a 99% beneficial interest in the 3 issued Consideration Options. For more details, refer to the prospectus dated 13 May 2021 and Notice of Annual General Meeting released to the ASX on 20 April 2021.

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
Ordinary shares	**Number held**	**% of total shares issued**
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	10.79
Wattle Trading Pty Ltd	18,831,453	6.21
Monex Boom Securities (HK) Ltd (Clients Account)	17,750,302	5.85
ZLJ Pty Ltd (The Bozinovski Family A/C)	11,998,500	3.96
Mr Xuan K Pham	11,800,000	3.89
Eurofit S A Limited	9,992,056	3.29
Brilliant River Limited	7,211,301	2.38
Mr Andrew Grant	6,979,767	2.30
Jamata Pty Ltd + Llea LK Pty Ltd (LMB Wattle Trading Unit A/C)	6,490,745	2.14
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	6,130,603	2.02
HSBC Custody Nominees (Australia) Limited	3,673,642	1.21
CW Retail Holdings Pty Ltd (CW Retails Holdings A/C)	3,000,000	0.99
Mr David J Stewart	2,566,667	0.85
Gleneagle Asset Management Limited (Gleneagle Investmentfund A/C)	2,267,736	0.75
Appwam Pty Ltd	2,000,000	0.66
Mr Keith W Bremner + Mrs Gabrielle L Bremner (Kega Superannuation A/C)	2,000,000	0.66
Elzed Holdings Pty Ltd	1,963,540	0.65
Mr Azman R Haroon	1,950,434	0.64
Ms Thi Ly H Pham	1,932,000	0.64
Spinite Pty Ltd	1,897,192	0.63
	153,168,698	50.51

Class B Quoted Options	Options over ordinary shares Number held	% of total options issued
Eurofit S A Limited	9,240,608	18.82
R Corporate Investments	7,500,000	15.27
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	6,720,000	13.68
Ms Thi Ly H Pham	4,500,000	9.16
Futurity Trading Pty Ltd	2,228,334	4.54
Aymvess Pty ltd (Aymvess Super Fund Account)	2,000,000	4.07
Antibella Pty Ltd (AJ & MP Pegum Family A/C)	1,900,000	3.87
HSBC Custody Nominees (Australia) Limited	1,561,963	3.18
Dr Xuan T Duong	1,479,641	3.01
Mr David J Stewart	933,334	1.90
Spinite Pty Ltd	666,667	1.36
Mr Arthur Karagaslis	452,500	0.92
Eryl Holdings Pty Ltd	433,333	0.88
Mr Joseph S Prochilo	430,000	0.88
Mr Steven L Tate + Mrs Sharlene N Tate	416,750	0.85
Axsim Funds Management Pty Ltd (Mamas Superannuation Fund A/C)	400,000	0.81
Mr Keith W Bremner + Mrs Gabrielle L Bremner (Kega Superannuation Fund)	400,000	0.81
Mr Chris Tsaklas + Mrs Rochelle A Tsaklas	400,000	0.81
Mr John N Hibbard	350,000	0.71
Mr Richard T Martin	350,000	0.71
	42,363,130	86.24

	Number on issue	Number of holders
Options over ordinary shares issued	49,025,221	94

Substantial holders
Substantial holders in the Company, as disclosed in substantial holding notices given to the Company under the Corporations Act, are set out below:

	Ordinary shares Number held	% of total shares issued
GGP Investments Pty Ltd (GGP Superannuation Fund A/C)	32,732,760	10.79
Lazarus Karasavvidis & Mr Martin Glenister	25,332,198	8.35
Monex Boom Securities (HK) Ktd (Clients Account)	17,750,302	5.85

* 25,332,198 of shares are held by entities that are jointly controlled by Mr Karasavvidis and Mr Glenister
** Shares being held by Mr Ollifent under GGP Investments Pty Ltd (GGP Superannuation Fund A/C).

Voting rights
The voting rights attached to ordinary shares are set out below:

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

Options
Class A Unquoted Options, Class B Quoted Options and Consideration Options do not carry any voting rights until they convert into fully paid ordinary shares.

Other information
There is no current on-market buy-back of the Company's securities.

The Company's securities are not quoted on any exchange other than the ASX

The Company's Company Secretary is Mr Kobe Li.