Veganic SKN Limited

ACN 142 515 437

Annual Report

For the Year Ended 30 June 2024

Veganic SKN Limited

ACN 142 515 437

Contents

For the Year Ended 30 June 2024

Executive Chairman's Review

For the Year Ended 30 June 2024

Dear Shareholder,

Veganic SKN Limited (“Veganic SKN”)recorded a pre-tax loss of $2.174 million before tax for FY24 ($1.168 million loss FY23).

The increase in the trading loss is due to the following key items:

- A one off write down of stock of Veganic SKN of $1.085 million.
- A 50% increase in wages reflecting ongoing growth in sales.

Despite the poor results, the business has achieved some significant milestones in FY24:

- Revenue is up 22.17% to $936,270 compared to FY23.
- Leading r brands using our recipes have penetrated major supermarkets and repeat orders are occurring.
- Streamlining of the sales ordering process.

FY25 Outlook

- Every effort will be made to reach breakeven point during FY25
- The implementation of the integrated enterprise management system supplied by SetnerpriSys Limited is in the final stages of development and will be fully operational before FY25. , Rainrose Pty Ltd (an entity related to myself), will continue to support the Company going forward whilst Veganic SKN works towards achieving breakeven.

L Mizikovsky

Lev Mizikovsky
Executive Chairman

Dated: 29 November 2024

Directors' Report
For the Year Ended 30 June 2024

The directors present their report, together with the financial statements of the Group, being Veganic SKN Limited (the Company) and its controlled entities, for the financial year ended 30 June 2024.

General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Mr Lev Mizikovsky

Executive Chairman

FAICD

Lev Mizikovsky is Executive Chairman and major shareholder of Veganic SKN. Lev is the founding Director of Tamawood Limited which started in July 1989 and is still a Non-executive Director and major shareholder. Since 1997, Mr Lev Mizikovsky has been a Fellow of the Australian Institute of Company Directors (AICD). He is a substantial shareholder in a number of other Queensland companies including Lindsay Australia Limited (LAU), Advance ZincTek Limited (ANO), Tamawood Limited (TWD) and SenterpriSys Limited (NSX:SPS).

Mr Rade Dudurovic

Non-executive Director

B Com (Hons), LLB (Hons), MFM

Rade has an extensive background in private equity with strong exposure to industrial and branded consumer manufacturing and distribution businesses particularly in the Asian region. He has qualifications in commerce and law and is a CPA as well as Senior Fellow of FINSIA. Rade is the Non-executive Director of Advance ZincTek Limited (ANO) and SenterpriSys Limited (NSX:SPS).

Mr Geoff Acton

Non-executive Director

B.Com, ACA, GAICD

Geoff brings to Veganic SKN significant capabilities given his 22 year involvement with Tamawood Limited as Chief Financial Officer and Company Secretary. Further, he has in depth knowledge of the renewable energy sector as head of a successful Renewable Energy Certificate trading business established in 2004. He is also the Managing Director of Advanced ZincTek Limited (ANO) since June 2016.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

- Mr Geoff Acton ([B.Com, ACA, GAICD])

Directors' Report

For the Year Ended 30 June 2024

Principal activities and significant changes in nature of activities

The business sells personal care products which includes: -

- Sunscreen, and personal care products.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Review of operations and Results

Veganic SKN incurred an after tax loss of $1,533,524 for the year ended 30 June 2024. Please refer to the Executive Chairman's Review on page 1 for a further discussion of operations.

Dividends paid or recommended

No dividends were declared or paid during the financial year and the Dividend Reinvestment Plan has been suspended.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

The Board anticipates that Veganic SKN will increase revenue significantly in FY25.

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors' Report

For the Year Ended 30 June 2024

Insurance of officers

During the year, Veganic SKN paid a premium to insure the Directors, Secretaries and Officers of the Group. The liabilities insured exclude any criminal, fraudulent, dishonest or malicious act or omission or improper use of information or position to gain a personal advantage.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the Group.

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee		Governance & Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Lev Mizikovsky	8	8	2	2	-	-
Mr Rade Dudurovic	8	8	2	2	-	-
Mr Geoff Acton	8	8	2	2	-	-
Mrs Linda Barr (Resigned 31 May 2024)	7	3	1	1	-	-

* Attended by invitation

Note: The public unlisted company was established in January 2022.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total fees to the external auditors, Econ Audit & Assurance Services Pty Ltd, for non-audit services during the year ended 30 June 2024 was Nil.

Modern Slavery Statement

At Veganic SKN , we are deeply committed to ensuring that our business operations and supply chains are free from slavery and human trafficking. This statement is made in accordance with the relevant legislation, the Modern Slavery Act 2018, and illustrates our commitment to acting ethically and with integrity in all our business relationships.

Due Diligence and Supplier Adherence of Our Values

We are committed to ensuring that our suppliers adhere to the highest standards of ethics. Suppliers are required to declare that they provide safe working conditions, act ethically, and adhere to our anti-slavery and human trafficking policy as a minimum standard via a detailed questionnaire.

Supplier Questionnaire and Compliance:

To ascertain compliance and ensure that our suppliers adhere to our ethical standards, we have implemented a comprehensive supplier questionnaire. This helps in obtaining a clear understanding and assurance that our suppliers also combat any forms of modern slavery and human trafficking in their operations. This questionnaire seeks to address the following aspects:

- Employment Practices: Enquiry about the supplier’s practices related to hiring, remuneration, working hours, and the use of third-party labour providers.

- Working Conditions: Gathering information about the health and safety practices, as well as working conditions provided to the employees.

- Legal Compliance: Assurance that suppliers are in compliance with local and international law regarding labour practices and human rights.

- Audit and Verification: Seeking information about any third-party audits or verifications related to their labour practices and conditions.

Supplier Auditing and Verification:

Post-questionnaire, our team reviews the responses and, based on the risk assessment, some suppliers may be subjected to audits to validate the responses provided and to ensure that they comply with our ethical standards and policies.

Suppliers are expected to co-operate fully with any audits and to provide us with all necessary information to allow us to ensure that they adhere to our standards and expectations.

Corporate Governance

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company complies with the Australian Securities Exchange (ASX) Corporate Governance Council’s Corporate Governance Principles and Recommendations (the Principles).

Copies of Veganic SKN ’s Board and Board committee charters and key corporate governance policies or summaries are available in the Corporate Governance section of the website at www.veganicskn.com

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2024 has been received and can be found on page 11 of the financial report.

Remuneration report (audited)

This remuneration report for the year ended 30 June 2024 outlines the remuneration arrangements of the key management personnel of the Group, including the Directors, in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Remuneration policy

The performance of Veganic SKN depends on the quality of its key management personnel. To prosper, Veganic SKN must attract, motivate, and retain highly skilled Directors and other key management personnel.

To this end, Veganic SKN embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre key management personnel
- Link executive rewards to shareholder value

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, and at a remuneration level within market rates.

Structure

No element of Non-executive Director remuneration is directly linked to profit performance. Remuneration is approved at the Annual General Meeting and is currently capped at $250,000 for the aggregate remuneration of Non-executive Directors. Details of remuneration which is linked to performance is detailed in the service agreement note for key management personnel.

Executives and Other Key Management Personnel

Objective

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Align the interests of Executives with those of shareholders
- Link rewards with the strategic goals of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed executive remuneration;
- Other remuneration such as superannuation and leave entitlements; and
- Commission and bonuses payable.

Directors' Report
For the Year Ended 30 June 2024

Remuneration details for the year Ended

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	Short term		Post employment	Long term benefits (LSL)	Total
	cash salary fees	bonus	pension and superannuation		
2024	**$**	**$**	**$**	**$**	**$**
Directors					
Mr Lev Mizikovsky	-	-	-	-	-
Mr Rade Dudurovic	**16,500**	-	-	-	**16,500**
Mr Geoff Acton	**18,000**	-	-	-	**18,000**
Mrs Linda Barr (Resigned 31 May 2024)	-	-	-	-	-
Sub-total Directors	**34,500**	-	-	-	**34,500**
KMP					
Mr Joseph Mizikovsky (CEO)	**98,354**	-	**9,771**	**1,457**	**109,582**
Sub-total KMP	**98,354**	-	**9,771**	**1,457**	**109,582**
Total	**132,854**	-	**9,771**	**1,457**	**144,082**

	Short term		Post employment	Long term benefits (LSL)	Total
	cash salary fees	bonus	pension and superannuation		
2023	**$**	**$**	**$**	**$**	**$**
Directors					
Mr Lev Mizikovsky	-	-	-	-	-
Mr Rade Dudurovic	16,500	-	-	-	16,500
Mr Geoff Acton	13,260	-	-	-	13,260
Mrs Linda Barr	6,000	-	-	-	6,000
Sub-total Directors	35,760	-	-	-	35,760
KMP					
Mr Joseph Mizikovsky (CEO)	98,059	-	10,296	1,647	110,002
Sub-total KMP	98,059	-	10,296	1,647	110,002
Total	133,819	-	10,296	1,647	145,762

Cash performance related bonuses

None of the key management personnel remuneration paid is performance based (2023: Nil).

Directors' Report

For the Year Ended 30 June 2024

Key management personnel shareholdings

The number of ordinary shares in Veganic SKN Limited held by each key management person of the Group during the financial year is as follows:

30 June 2024	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Directors				
Mr Lev Mizikovsky	**16,882,154**	**-**	**(700,000)**	**16,182,154**
Mr Rade Dudurovic	**172,157**	**-**	**-**	**172,157**
Mr Geoff Acton	**440,667**	**-**	**-**	**440,667**
Mrs Linda Barr (Resigned 31 May 2024)	**-**	**-**	**-**	**-**
KMP				
Joseph Mizikovsky (CEO)	**4,349,049**	**-**	**27,000**	**4,376,049**
Total	**21,844,027**	**-**	**(673,000)**	**21,171,027**

30 June 2023	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Directors				
Mr Lev Mizikovsky	16,882,154	-	-	16,882,154
Mr Rade Dudurovic	172,157	-	-	172,157
Mr Geoff Acton	440,667	-	-	440,667
Mrs Linda Barr	-	-	-	-
KMP				
Joseph Mizikovsky (CEO)	4,349,049	-	-	4,349,049
Total	21,844,027	-	-	21,844,027

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the Managing Director and senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration. The agreements for executives (other than the Managing Director, Chief Executive Officer and Chief Finance Officer which require three months' notice) may be terminated by giving six weeks' notice (except in cases of termination for cause where termination is immediate).

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

L Mizikovsky

Lev Mizikovsky
Executive Chairman

Dated: 29 November 2024

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2024 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

The Company has entered into a deed of cross guarantee under which the Company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

L Mizikovsky

Lev Mizikovsky
Executive Chairman

Dated: 29 November 2024

economos.

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Sydney NSW 1230

Veganic SKN Limited

Auditors Independence Declaration under Section 307C of the *Corporations Act 2001*

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Veganic SKN Limited.

ECON AUDIT AND ASSURANCE SERVICES PTY LTD

GEORGE VENARDOS
Director

Dated in Sydney this 29th day of November 2024

Veganic SKN Limited

ACN 142 515 437

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
Revenue	4	**936,270**	728,672
Other income	4	**5,236**	3,505
Raw materials and consumables used		**(771,638)**	(585,651)
Employee benefits expense		**(449,595)**	(221,164)
Depreciation expense	10	**(34,294)**	(68,706)
Impairment / amortisation	11	**(34,343)**	-
Inventory written (off) / back	8	**(1,084,874)**	(374,495)
Advertising and marketing expenses		**(31,393)**	(38,712)
Freight expenses		**(89,949)**	(16,622)
Legal fees		**10,244**	(76,705)
Directors fees		**(35,350)**	(35,760)
Corporate costs		**(153,717)**	(138,559)
Consulting fees		**(51,162)**	(81,060)
Product license and permit costs		**(93,839)**	(14,621)
Product and testing Fees		**(10,700)**	(1,920)
Insurance expense		**(42,590)**	(32,600)
Rent		**(109,409)**	(59,500)
Other operating expenses		**(132,984)**	(154,500)
Loss before income tax		**(2,174,087)**	(1,168,398)
Income tax benefit / (expense)	5	**640,563**	350,755
Loss from continuing operations		**(1,533,524)**	(817,643)
Loss for the year		**(1,533,524)**	(817,643)
Total comprehensive loss for the year		**(1,533,524)**	(817,643)
Loss attributable to:			
Members of the parent entity		**(1,533,524)**	(817,643)
Total comprehensive loss attributable to:			
Members of the parent entity		**(1,533,524)**	(817,643)
Earnings per share			
Basic earnings per share (cents)		**(0.032 Cents)**	(0.032 Cents)
Diluted earnings per share (cents)		**(0.032 Cents)**	(0.032 Cents)

The accompanying notes form part of these financial statements.

Veganic SKN Limited

ACN 142 515 437

Statement of Financial Position
As At 30 June 2024

	Note	2024 $	2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**52,935**	132,557
Trade and other receivables	7	**171,658**	193,169
Inventories	8	**2,504,689**	2,892,308
Other assets	9	**1,109,186**	1,228,091
TOTAL CURRENT ASSETS		**3,838,468**	4,446,125
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,234,159**	1,057,610
Deferred tax assets	17(b)	**1,189,274**	548,468
Intangible assets	11	**3,400,045**	3,095,100
TOTAL NON-CURRENT ASSETS		**5,823,478**	4,701,178
TOTAL ASSETS		**9,661,946**	9,147,303
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**759,517**	1,028,731
Employee benefits	14	**14,369**	12,294
Deferred income		**-**	39,259
TOTAL CURRENT LIABILITIES		**773,886**	1,080,284
NON-CURRENT LIABILITIES			
Borrowings	13	**10,724,627**	8,304,628
Deferred tax liabilities	17	**520**	277
Employee benefits	14	**13,054**	8,100
TOTAL NON-CURRENT LIABILITIES		**10,738,201**	8,313,005
TOTAL LIABILITIES		**11,512,087**	9,393,289
NET ASSETS		**(1,850,141)**	(245,986)
EQUITY			
Issued capital	16	**12,987**	12,987
Retained earnings/(Accumulated losses)		**(1,863,128)**	(258,973)
Total equity attributable to equity holders of the Company		**(1,850,141)**	(245,986)
TOTAL EQUITY		**(1,850,141)**	(245,986)

The accompanying notes form part of these financial statements.

Veganic SKN Limited

ACN 142 515 437

Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Ordinary Shares	Retained Earnings / (Accumulated Loss)	Consolidation Account	Total
	$	$	$	$
Balance at 1 July 2023	**12,987**	**(2,850,248)**	**2,591,275**	**(245,986)**
Prior year error	**-**	**(70,631)**	**-**	**(70,631)**
Balance at 1 July 2023 restated	**12,987**	**(2,920,879)**	**2,591,275**	**(316,617)**
Loss for the year	**-**	**(1,533,524)**	**-**	**(1,533,524)**
Other comprehensive income	**-**	**-**	**-**	**-**
Balance at 30 June 2024	**12,987**	**(4,454,403)**	**2,591,275**	**(1,850,141)**

2023

	Ordinary Shares	Retained Earnings / (Accumulated Loss)	Consolidation Account	Total
	$	$	$	$
Balance at 1 July 2022	12,987	(2,032,605)	2,591,275	571,657
Loss for the year	-	(817,643)	-	(817,643)
Other comprehensive income	-	-	-	-
Balance at 30 June 2023	12,987	(2,850,248)	2,591,275	(245,986)

Veganic SKN Limited

ACN 142 515 437

Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**799,463**	783,035
Payments to suppliers and employees		**(2,748,953)**	(2,537,154)
Net cash provided by/(used in) operating activities	19	**(1,949,490)**	(1,754,119)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangible asset		**(339,288)**	(589,732)
Purchase of property, plant and equipment		**(210,844)**	(164,640)
Net cash used in investing activities		**(550,132)**	(754,372)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**2,420,000**	2,618,680
Net cash provided by financing activities		**2,420,000**	2,618,680
Net increase/(decrease) in cash and cash equivalents held		**(79,622)**	110,189
Cash and cash equivalents at beginning of year		**132,557**	22,368
Cash and cash equivalents at end of financial year	6	**52,935**	132,557

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

The financial report covers Veganic SKN Limited and its controlled entities ('the Group'). Veganic SKN Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 29 November 2024.

Comparatives are consistent with prior years, unless otherwise stated.

The Group is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

2 Summary of Significant Accounting Policies

(a) Income Tax

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(b) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment (cont)

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10-20

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

2 Summary of Significant Accounting Policies

(f) Financial instruments (cont)

Financial assets (cont)

Amortised cost

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Financial assets through profit or loss

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payablesand borrowings.

2 Summary of Significant Accounting Policies

(g) Intangible assets

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life..

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

At inception of a contract, the Group assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

The Group has chosen not to apply AASB 16 to leases of intangible assets.

2 Summary of Significant Accounting Policies

(i) Leases

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Defined benefit superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(k) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Summary of Significant Accounting Policies

(l) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(m) Revenue and other income

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability. Revenue arises mainly from the sale of proprietary advanced material products.

To determine whether to recognise revenue, the Group follows a 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - development costs

Development expenditure incurred on an individual project is carried forward (capitalised) when management considers that its future recoverability can reasonably be regarded as assured.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets recognition criteria listed above. Where no internally generated intangible asset can be recognised, expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Key estimates - inventory
Inventories are valued at the lower of cost and net realisable value. The Group assesses net realisable value by reference to the current and expected future selling price of its products. Where the consumption of certain inventory balances for future sales is not reasonably assured, the Group recognises an expense in the current year.

4 Revenue and Other Income

Revenue from continuing operations

	2024	2023
	$	$
Sales revenue		
- Sale of goods - on Amazon	**15,878**	30,435
- Sale of sunscreen contracts	**857,374**	546,086
- Sale of sunscreen products	**9,860**	49,456
- Sale of goods - Auction sales	**53,158**	102,695
Total Revenue	**936,270**	728,672

	2024	2023
	$	$
Other Income		
- Other income	**16,101**	5,392
- Loss on exchange differences	**(10,865)**	(1,887)
	5,236	3,505

Notes to the Financial Statements

For the Year Ended 30 June 2024

5 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2024	2023
	$	$
Current tax expense		
Deferred tax expense		
Relating to the origination and reversal of temporary differences	**(640,563)**	(350,755)
Total income tax expense	**(640,563)**	(350,755)

(b) Reconciliation of income tax to accounting profit:

	2024	2023
	$	$
Loss before income tax from continuing operations	**(2,174,087)**	(1,168,398)
Tax	**30.00%**	30.00%
Prima facie income tax expense at the statutory income tax rate	**(652,226)**	(350,519)
Add:		
Tax effect of:		
- Permanent differences	**44,083**	(15,014)
- Other	**(32,420)**	14,778
Income tax expense	**(640,563)**	(350,755)

6 Cash and Cash Equivalents

	2024	2023
	$	$
Cash at bank and in hand	**52,935**	132,557
	52,935	132,557

Notes to the Financial Statements

For the Year Ended 30 June 2024

7 Trade and Other Receivables

	2024	2023
	$	$
CURRENT		
Trade receivables	**273,786**	267,328
GST receivable	**2,872**	6,170
Loan to / (from) Associated Companies	**(105,000)**	(80,329)
Total current trade and other receivables	**171,658**	193,169

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Impairment of receivables

The Group applies the simplified approach to expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2024 is determined as follows, the expected credit losses incorporate forward looking information.

8 Inventories

	2024	2023
	$	$
CURRENT		
At cost:		
Finished goods	**3,114,621**	3,502,240
Provision for obsolescence	**(609,932)**	(609,932)
	2,504,689	2,892,308

Write downs of inventories to net realisable value during the year were $1,084,874 (2023: $374,495).

9 Other Assets

	2024	2023
	$	$
CURRENT		
Deposit paid to suppliers	**1,109,186**	1,228,091

Notes to the Financial Statements

For the Year Ended 30 June 2024

10 Property, plant and equipment

	2024	2023
	$	$
Plant and equipment		
At cost	**1,252,207**	1,061,343
Accumulated depreciation	**(144,106)**	(113,588)
Total plant and equipment	**1,108,101**	947,755
Office equipment		
At cost	**70,757**	70,122
Accumulated depreciation	**(18,670)**	(16,592)
Total office equipment	**52,087**	53,530
Finished goods room		
At cost	**80,785**	61,441
Accumulated depreciation	**(6,814)**	(5,116)
Total finished goods	**73,971**	56,325
Total property, plant and equipment	**1,234,159**	1,057,610

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Office Equipment	Finished goods room	Total
	$	$	$	$
Year ended 30 June 2024				
Balance at the beginning of year	**947,755**	**53,530**	**56,325**	**1,057,610**
Additions	**190,865**	**634**	**19,344**	**210,843**
Depreciation expense	**(30,519)**	**(2,077)**	**(1,698)**	**(34,294)**
Balance at the end of the year	**1,108,101**	**52,087**	**73,971**	**1,234,159**

	Plant and Equipment	Office Equipment	Finished goods room	Total
	$	$	$	$
Year ended 30 June 2023				
Balance at the beginning of year	843,333	57,613	60,409	961,355
Additions				
Additions	164,961	-	-	164,961
Depreciation expense	(60,539)	(4,083)	(4,084)	(68,706)
Balance at the end of the year	947,755	53,530	56,325	1,057,610

11 Development Assets

	2024	2023
	$	$
Patents, trademarks and other rights	**998,245**	908,132
Development costs:		
- Finished projects	**2,146,184**	-
- Impairment / amortisation	**(34,343)**	-
- Work in progress	**289,959**	2,186,968
Total Intangible assets	**3,400,045**	3,095,100

(a) Movements in carrying amounts of intangible assets

	Patents, trademarks and other rights $	Development costs – finished projects $	Development costs – Work in progress $	Total $
Year ended 30 June 2024				
Balance at the beginning of the year	**908,132**	**-**	**2,186,968**	**3,095,100**
Transfer	**-**	**2,142,935**	**(2,142,935)**	**-**
Additions	**90,113**	**3,249**	**245,926**	**339,288**
Impairment / amortisation	**-**	**(34,343)**	**-**	**(34,343)**
Closing value at 30 June 2024	**998,245**	**2,111,841**	**289,959**	**3,400,045**

The Group will amortise the finished projects from 1 April 2024 over a 15-year period.

	Patents, trademarks and other rights $	Development costs – Work in progress $	Total $
Year ended 30 June 2023			
Balance at the beginning of the year	831,329	1,674,038	2,505,367
Additions	76,803	512,930	589,733
Closing value at 30 June 2023	908,132	2,186,968	3,095,100

Notes to the Financial Statements

For the Year Ended 30 June 2024

12 Trade and Other Payables

	2024	2023
	$	$
CURRENT		
Trade payables	**749,640**	1,002,462
Other payables	**9,877**	26,269
	759,517	1,028,731

13 Borrowings

	2024	2023
	$	$
NON-CURRENT		
Borrowings	**10,724,627**	8,304,628
	10,724,627	8,304,628

The borrowings are from Rainrose Pty Ltd, a related party, are unsecured, interest free and will not be called upon for at least 12 months from 30 June 2024 .

14 Employee Benefits

	2024	2023
	$	$
Current liabilities		
Long service leave	**14,369**	12,294
Non-current liabilities		
Long service leave	**13,054**	8,100

15 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

	2024	2023
	$	$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	**52,935**	132,557
Trade and other receivables	**171,658**	193,169
Total financial assets	**224,593**	325,726
Financial liabilities		
Financial liabilities measured at amortised cost		
Financial liabilities at fair value		
Trade and other payables	**759,517**	1,028,731
Borrowings	**10,724,627**	8,304,628
Total financial liabilities	**11,484,144**	9,333,359

Objectives, policies and processes

The Board has overall responsibility for the establishment of the Group's risk management objectives and policies and whilst remaining ultimately responsible for them, it has delegated the authority to management for developing and operating processes that ensure the effective implementation of the objectives and policies of the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Group where such impact may be material.

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and accounts payable.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Notes to the Financial Statements

For the Year Ended 30 June 2024

15 Financial Risk Management

Liquity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

15 Financial Risk Management

Market risk

(i) Foreign exchange risk

Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars and Euro.

The Company's policy is that all foreign currency transactions are settled on a spot rate basis. There are no hedge facilities or other forward contract facilities in place.

In order to monitor the continuing effectiveness of the policy, the Board receives reports on its product pricing strategy together with data relating to any major fluctuations in foreign currencies. The Company's policy to mitigate foreign currency risk is to adjust selling prices for its products to reflect movements in foreign currencies.

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows,

	2024 000's	2023 000's
Financial assets		
Cash deposits in USD	-	-
Cash deposits in Euro	-	-
Customers denominated in USD	-	-
Customers denominated in Euro	-	-
Financial liabilities		
Trade payables denominated in USD	-	178
Trade payables denominated in Euro	-	173

(ii) Interest rate risk

The Group has borrowings but has no current exposure to interest rate risk on borrowings.

The Group's minimum exposure to market interest rate relates to its cash investments which are minimal.

The Company adopts a policy of minimising exposure to interest rate risk. A +/ 1% change in interest rates would change the net interest expense by +/ $529 per annum (2023: +/ $1,326) on cash held at year end.

15 Financial Risk Management

It assumes a +/ 5% change of the Australian Dollar / USD exchange rate for the year ended 30 June 2024 (30 June 2023: 5%). A +/ 5% change is considered for the Australian Dollar / CNY exchange rate (30 June 2023: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing. Longer term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

16 Issued Capital

	2024	2023
	$	$
25,409,290 (2023: 25,409,290) Ordinary shares	**12,987**	12,987

During FY.22 24,842,074 shares were issued at no cost as part of the demerger from Astivita Limited.

The Company does not have authorised capital or par value in respect of its shares.

(a) Movement in ordinary shares

	2024	2023
	No.	No.
At the beginning of the reporting period	**25,409,290**	25,193,074
Shares issued during the year		
Employee share scheme	**-**	216,216
At the end of the reporting period	**25,409,290**	25,409,290

17 Tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

	2024	2023
	$	$
Deferred tax assets	**1,189,274**	548,468
Deferred tax liabilities	**(520)**	(277)
Current tax receivable	**1,188,754**	548,191

Notes to the Financial Statements
For the Year Ended 30 June 2024

17 Tax assets and liabilities

(b) Deferred Tax Assets

	Opening Balance	Recognised in profit or loss	Closing Balance
	$	$	$
Deferred tax assets			
Accelerated capital allowances for tax purposes	86,506	96,474	182,980
Provision against equity	10,556	(3,343)	7,213
Revaluation, net of related depreciation	325	(325)	-
Transaction costs on equity issue	97,290	237,926	335,216
Other deferred tax - UD2	-	22,570	22,570
Other	2,759	(2,270)	489
Balance at 30 June 2023	197,436	351,032	548,468
Inventories	**182,980**	**-**	**182,980**
Provisions - employee benefits	**7,213**	**2,201**	**9,414**
Foreign exchange gains or losses	**-**	**2,917**	**2,917**
Leases	**335,216**	**584,356**	**919,572**
R&D offset carried forward	**22,570**	**44,337**	**66,907**
Other	**489**	**6,996**	**7,485**
Balance at 30 June 2024	**548,468**	**640,807**	**1,189,275**

	Opening Balance	Recognised in profit or loss	Closing Balance
	$	$	$
Deferred tax liabilities			
Foreign exchange gains or losses	-	(277)	(277)
Balance at 30 June 2023	-	(277)	(277)
Foreign exchange gains or losses	**(277)**	**277**	**-**
Other	**-**	**520**	**520**
Balance at 30 June 2024	**(277)**	**797**	**520**

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023: None).

Notes to the Financial Statements

For the Year Ended 30 June 2024

19 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2024	2023
	$	$
Profit / (Loss) for the year	**(1,533,524)**	(817,645)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**68,637**	68,706
- employee entitlements	**-**	(14,720)
- prior year adjustment	**(70,949)**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**21,511**	189,405
- (increase)/decrease in prepayments	**118,905**	(315,648)
- (increase)/decrease in inventories	**387,619**	(276,071)
- (increase)/decrease in deferred tax asset	**(640,806)**	(351,032)
- increase/(decrease) in income in advance	**(39,259)**	(72,486)
- increase/(decrease) in trade and other payables	**(268,895)**	(164,905)
- increase/(decrease) in deferred tax liability	**243**	277
- increase/(decrease) in provisions	**7,028**	-
Cashflows from operations	**(1,949,490)**	(1,754,119)

20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

21 Statutory Information

The registered office and principal place of business of the company is:

Veganic SKN Limited	Manufacturing facility
243 Milton Road	Unit 4 / 81 Shettleston Street
Milton QLD 4064	Rocklea QLD 4106

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Independent Auditor's Report to the Members of Veganic SKN Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Veganic SKN Limited (the "Company"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion the financial report of Veganic SKN Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

(b) Complying with Australian Accounting Standards and *Corporations Act 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 Veganic SKN Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Emphasis of Matter – Going Concern

We draw attention to the content within the financial report, which indicates that the Company incurred a total comprehensive loss of $1,533,524 and had net cash outflows from operations of $1,949,490 during the year ended 30 June 2024. The Company's ability to continue as a going concern is dependent upon the continued financial support of Lev Mizikovsky and Rainrose Pty Ltd to the Company.

Our opinion is not modified in respect of this matter.

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Sydney NSW 1230

Responsibility of 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and the needs of the members. The Directors' responsibility also includes such internal control necessary to enable the preparation of a 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Company either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

economos.

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Sydney NSW 1230

Auditor's Responsibility for the Audit of the Financial Report *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Econ Audit & Assurance Services Pty Ltd

ECON AUDIT AND ASSURANCE SERVICES PTY LTD

G. Venardos

GEORGE VENARDOS
Director

Dated in Sydney this 29th day of November 2024