13 Seeds Ltd

(Formerly known as 13 Seeds Pty Ltd)

ABN 28 614 347 269

Annual Report - 30 June 2020

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
Corporate directory
30 June 2020

Directors	Mr Gernot Abl (Non-executive Chairman) Mr Ran Vaingold (Executive Director) Mr Corey Montry (Non-executive Director)
Company secretary	Mr Justin Mouchacca
Registered office	C/O - JM Corporate Services Pty Ltd Level 21 459 Collins Street Melbourne, Victoria 3000
Principal place of business	Level 21 459 Collins Street Melbourne, Victoria 3000
Auditor	JTP Assurance 10th Floor, 446 Collins Street Melbourne, Victoria, 3000
Website	www.13seeds.com.au

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
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The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

Directors

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

Mr Gernot Abl (Non-executive Chairman)
Mr Corey Montry (Non-executive Director) (appointed 8 October 2019)
Mr Ran Vaingold (Executive Director) (resigned 25 October 2019 and re-appointed 1 July 2020)
Mr Justin Mouchacca (Non-executive Director) (appointed 11 November 2019 and resigned 1 July 2020)
Mr Terry Memory (Executive Director) (resigned 12 September 2019)
Ms Gemma Lynch-Memory (Executive Director) (resigned 12 September 2019)
Mr Brett Charlton (Executive Director) (appointed 25 October 2019 and resigned 11 November 2019)

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- development of Australian hemp food, beauty and nutraceutical products; and
- preparation for listing on the Australian Stock Exchange.

Dividends

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

Review of operations

The loss for the company after providing for income tax amounted to $1,318,486 (30 June 2019: $446,261).

During the financial year the Company progressed the development of new food products whilst also increasing its spend on marketing and promotional activities to $378,556 (2019: $142,394).

Financial Position

During the financial year, the Company raised $600,000 through the issue of 6,000 Convertible Notes. The Notes had a maturity date of 1 September 2020 and subsequent to the end of the financial year, the Company agreed to extend the maturity date of the Notes to 1 September 2021. The Notes are convertible to fully paid ordinary shares at the Company's election upon a successful Initial Public Offering with a 20% discount to the issue price.

The net assets decreased during the financial year from $819,222 at 30 June 2019 to a deficiency of $283,887.

The Company also progressed with its proposed initial public offering on the Australian Stock Exchange (ASX) with all costs associated with its initial public offering being recognised as an other current asset.

Coronavirus (COVID-19) Pandemic

The company has maintained its COVID-19 working arrangements during the financial year with company staff working both remotely and from the company premises. During the financial year, the Company closed down its manufacturing facility and moved to a third party logistics supply chain.

Overall financial impact on business

The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2020 has limited the Company in its ability to market its products through on-site demonstrations both in Australia and overseas. With people working from home, the ability to travel and meet potential customers has been limited to video conferencing.

Business continuity

The Company has individuals who are able to progress the marketing of the Company's products through video conferencing facilities. In line with government advice, staff who can work from home are encouraged to do so.

Well-being of employees

We remain committed to keeping our employees and families safe and ensuring ongoing health and well-being during this trying time. We have implemented a COVID-19 safe plan at our premises and provided additional supplies of face masks, antibacterial wipes and hand sanitiser in our workplace. Given the Company’s head office is located in Melbourne, all staff are working from home were possible.

Funding structure

The board continues to regularly review the Company's funding requirements during this pandemic as circumstances change daily and actively investigate government funding and other programs to support the Company.

Significant changes in the state of affairs

On 8 July 2019 the company issued 1,025,000 fully paid ordinary shares at an issue price of $0.0001 (0.01 cents) per share.

On 24 September 2019 the Company issued 6,000 unlisted Convertible Notes (Notes) with an issue price of $100 per Note. The Notes commenced accruing interest from 1 January 2020 in the event that they were not redeemed on the maturity date or converted to equity by the Company upon listing on the Australian Stock Exchange (ASX). The Notes are convertible at an issue price which is 80% of the issue price of fully paid ordinary shares through a Prospectus to raise funds for an initial public offering and subsequent listing on ASX. In the event that a listing on ASX is not completed, the Company can elect to repay the Notes in cash or convert the principal amount, plus any accrued interest, into fully paid ordinary shares with an issue price which is equivalent to a 20% discount on the last capital raising price conducted by the Company prior to conversion.

The maturity date of the Notes was 1 September 2020 and subsequent to the end of the financial year, the Company agreed to vary the maturity date with Note holders to 1 September 2021.

On 10 October 2019, the Company changed its status from a private company to a public company.

On 26 May 2020 the company issued 2,275,000 fully paid ordinary shares at an issue price of $0.10 (10 cents) per share. All the fully paid ordinary shares being issued to a placement proceeds.

As a result of the Company’s relocation to Melbourne, the Company has written down the carrying value of its Right of Use Asset (ROU) amounting to $41,689 and write off of fixed assets no longer in use amounting to $87,365, which has increased the loss during the year by the same amount. The lease liability remains in the statement of financial position until such time as the premises can be sub-leased.

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

Matters subsequent to the end of the financial year

Subsequent to the end of the financial year, the Company agreed to vary the maturity date of 5,980 Convertible Notes on issue from 1 September 2020 to 1 September 2021.

On 4 August 2020, the Company issued 95,000 fully paid ordinary shares settling outstanding liabilities amounting to $9,500.

On 9 September 2020, the Company issued 26,674 fully paid ordinary shares following the conversion of 20 Convertible Notes and accrued interest.

On 15 September 2020, the Company issued 10,000,000 fully paid ordinary shares with an issue price of $0.05 (5 cents) per share, raising $500,000 as part of a capital raising.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and constantly reviewed by the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the items disclosed above, no other matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

The future developments of the Company include the continued research and development of new hemp food products whilst also increasing advertising of the Company's products in a growing industry.

The Company is also progressing with a proposed listing on the Australian Stock Exchange, which is proposed to be completed during the next financial year.

Environmental regulation

The Company is subject to environment regulation under Australian and State law with respect to its Hemp food manufacturing licence.

Information on directors

Name:	Mr Gernot Abl
Title:	Non-executive Chairman
Experience and expertise:	Mr Abl holds a Bachelor of Laws and Commerce (First Class Honours) from the University of Western Australia. Mr Abl started his career within corporate advisory as an advisor and management consultant at Deloitte. Between 2005 and 2015, Mr Abl founded his own consulting business drawing on his directorship and management consultant experience to provide corporate consulting services to a range of businesses – specifically start-ups. Mr Abl is currently the Managing Director of Esports Mogul Asia Pacific Ltd (ASX: ESH) and was previously a non-executive director of Transaction Solutions International Limited (ASX: TSN).
Name:	Mr Corey Montry
Title:	Non-executive Director (appointed 8 October 2019)
Experience and expertise:	Mr Montry is a former General Motors (GM) Executive with over 15 years of commercial finance and accounting senior leadership experience working in U.S. multinational organisations as a U.S./Australia dual citizen. He has experience in Australia including as the Regional Controller of Asia Pacific for Leidos (a $10B NYSE Defence & IT business), was previously Chief Financial Officer & Chief Compliance Officer of IRexchange Limited and as a Director of Financial Services at Melbourne Health. Previously, Mr Montry was a successful Group Financial Controller for Metcash Trading (a $14B ASX 100 FMCG business), leading the accounting/finance transformations including implementing many innovative best practice initiatives, including improving FP&A processes and regular board reporting. Mr Montry relocated with his young family to Australia in 2010 as Corporate Controller and Chief Accounting Officer of GM Holden (a $4B subsidiary of $150B NYSE GM - the world's largest automotive company) before leading Holden's commercial finance organisation as Director of Revenue and Future Product Programs.

Name:	Mr Ran Vaingold
Title:	Executive Director (resigned 25 October 2019 and re-appointed 1 July 2020)
Experience and expertise:	Mr Ran Vaingold holds a Master of Business Administration from Melbourne Business School (Melbourne University) and a Bachelor of Business (Professional Accountancy) from RMIT University. He is an experienced corporate strategy professional having previously founded the Melbourne office of a $400m asset manager, advising fast growth companies on mergers, acquisitions, capital raisings and strategy. Prior to that, Mr Vaingold was an Executive at a mid-market M&A firm where he focused on transactions in the food and agriculture space, advising clients like Bega Cheese and Select Harvests.

Name:	Mr Terry Memory
Title:	Co-founder and Executive Director (resigned 12 September 2019)
Experience and expertise:	Mr Terry Memory has held executive roles as a National Sales Manager, Business Development Manager and the General Manager of Sales and Marketing for the Australian Audio Company. Mr Memory has also founded several businesses including advertising and production agencies in Sydney, NSW and business development consultancies in Melbourne, VIC. Mr Memory has a strong background in IT and was one of the first Sound Engineers to commercialise Digital Audio/Video recording on the IBM platform in Australia in the early 1990s. In 2016, Mr Memory co-founded 13 Seeds with his wife Ms Gemma Lynch-Memory. His focus has been on the development of the wholesale and online sales strategies, as well as building the core 13 Seeds brand identity. Mr Memory has worked closely with hemp agronomists, growers and processors, to produce and source some of the best hemp in the world.

Name:	Ms Gemma Lynch-Memory
Title:	Co-founder and Executive Director (resigned 12 September 2019)
Experience and expertise:	Ms Gemma Lynch-Memory holds a Bachelor of Arts from Southern Cross University and a Master of Art Administration from the University of New South Wales. Ms Lynch-Memory's artistic experience includes being a Corporate Client Manager and Executive Manager for various art galleries across Australia and personally has over 25 solo exhibitions with total sales of over $2 million. In 2003, Ms Lynch-Memory founded Artmasters Visual Art Schools in Melbourne, VIC. Ms Lynch-Memory grew the school rapidly over a 3-year period to multiple locations and saw it quickly become Melbourne's largest private art school. In 2006, Ms Lynch-Memory left the business after a successful management buy-out. In 2011, Ms Lynch-Memory founded the Tasmanian Tea Company, which focused on delivering unique organic therapeutic blends and premium quality teas from Tasmania and around the world. Ms Lynch-Memory oversaw new business development, product development, company positioning, branding and contract negotiations. In 2016, Ms Lynch-Memory co-founded 13 Seeds with her husband Mr Terry Memory. Her role in 13 Seeds has been the Product and Business Development Manager and Creative Director, with a focus on creating products that offer consumers genuine health benefits, ease of use and unique positioning.

Name:	Mr Justin Mouchacca
Title:	Non-Executive Director (appointed 11 November 2019 and resigned 1 July 2020) Company Secretary (appointed 1 August 2019)
Experience and expertise:	Mr Mouchacca is a qualified Chartered Accountant with over 13 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. He graduated from RMIT University in 2008 with a Bachelor of Business majoring in Accounting. Mr Mouchacca completed the Chartered Accountants Program in 2011 and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies. He specialises in the preparation of listing companies on stock exchanges, Corporations Act legislation, corporate governance policies, statutory report writing requirements, shareholder meeting requirements and assistance in the preparation of prospectuses, information memorandums and other disclosure documents.

Name:	Mr Brett Charlton
Title:	Executive Director (appointed 25 October 2019 and resigned 11 November 2019)
Experience and expertise:	Mr Charlton is an experienced senior executive in the FMCG and healthcare space. He previously held senior roles at Sanofi Consumer Healthcare (GM ANZ Division), Fonterra (Managing Director Tip Top Ice Cream, GM Marketing & Innovation), PepsiCo (Head of Marketing Foods and Beverages -Thailand) and Diageo (Vice President Marketing). Mr Charlton has a strong track record in driving business growth, building operational efficiency and supporting the development of high performing teams. Mr Charlton also has deep expertise building positive and sustainable customer relationships across a number of different sectors. Most recently, he built a $50 million e-commerce business into China and South-East Asia, partnering with Australian Pharmacies and distributors to present the Ostelin and Cenovis brands to Asian consumers online.

Company secretary
Mr Justin Mouchacca (appointed 1 August 2019)

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Gernot Abl	2	2
Mr Ran Vaingold	1	1
Mr Corey Montry	1	1
Mr Brett Charlton	-	-
Mr Terry Memory	-	-
Ms Gemma Lynch-Memory	-	-
Mr Justin Mouchacca	1	1

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

Shares under option
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

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.

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.

Auditor

JTP Assurance continues in office in accordance with section 327 of the Corporations Act 2001.

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

Gernot Abl
Non-executive Chairman

28 September 2020

JTP ASSURANCE

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Melbourne, VIC 3000
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13 SEEDS LIMITED
ABN: 28 614 347 269

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF 13 SEEDS LIMITED

As lead auditor for the audit of 13 Seeds Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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.

JTP Assurance

JTP ASSURANCE
Chartered Accountants

W. Tarrant

WAYNE TARRANT
Partner

Signed at Melbourne this 28th day of September 2020

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	398,673	165,342
Other income	5	53,383	68,304
Expenses			
Loss on disposal of fixed assets		(67,789)	-
Impairment of Right of Use Asset		(41,689)	-
Travel Costs		(28,230)	(20,658)
Freight and postage		(104,296)	(24,569)
Employee benefits expense		(333,671)	(170,672)
Marketing and promotional expenses		(378,556)	(142,394)
Depreciation and amortisation expense		(80,006)	(19,444)
Finance Costs		(44,648)	(3,289)
Office Costs		(37,458)	(21,012)
Professional and consulting fees		(431,480)	(75,306)
Other expenses		-	(2,916)
Raw materials and consumables used		(371,593)	(165,889)
Change in inventories		161,119	17,984
Plant processing costs		-	(14,834)
Occupancy expenses		(12,245)	(36,908)
Loss before income tax expense		(1,318,486)	(446,261)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of 13 Seeds Ltd		(1,318,486)	(446,261)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 13 Seeds Ltd		(1,318,486)	(446,261)

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

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
Statement of financial position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	143,271	165,945
Trade and other receivables	8	56,941	574,480
Inventories	9	235,309	74,190
Other	10	233,901	74,547
Total current assets		669,422	889,162
Non-current assets			
Property, plant and equipment	11	35,112	147,511
Total non-current assets		35,112	147,511
Total assets		704,534	1,036,673
Liabilities			
Current liabilities			
Trade and other payables	13	306,349	195,442
Borrowings	14	630,000	-
Lease liabilities	15	32,887	-
Employee benefits	16	6,520	18,742
Total current liabilities		975,756	214,184
Non-current liabilities			
Employee benefits	17	1,155	3,267
Lease Liabilities	18	11,510	-
Total non-current liabilities		12,665	3,267
Total liabilities		988,421	217,451
Net assets/(liabilities)	2(c)	(283,887)	819,222
Equity			
Issued capital	19	1,695,189	1,479,174
Accumulated losses		(1,979,076)	(659,952)
Total equity/(deficiency)	2(c)	(283,887)	819,222

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

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
Statement of changes in equity
For the year ended 30 June 2020

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2018	100	(213,691)	(213,591)
Loss after income tax expense for the year	-	(446,261)	(446,261)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(446,261)	(446,261)
Transactions with owners in their capacity as owners:			
Issue of shares	1,526,273	-	1,526,273
Capital raising costs	(47,149)	-	(47,149)
Cancellation of shares	(50)	-	(50)
Balance at 30 June 2019	1,479,174	(659,952)	819,222

	Issued capital $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2019	1,479,174	(659,952)	819,222
Adjustment for change in accounting policy	-	(638)	(638)
Balance at 1 July 2019 - restated	1,479,174	(660,590)	818,584
Loss after income tax expense for the year	-	(1,318,486)	(1,318,486)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,318,486)	(1,318,486)
Transactions with owners in their capacity as owners:			
Issue of shares	227,665	-	227,665
Capital raising costs	(11,650)	-	(11,650)
Balance at 30 June 2020	1,695,189	(1,979,076)	(283,887)

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

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		388,355	194,857
Payments to suppliers and employees (inclusive of GST)		(1,743,703)	(595,853)
Receipt of R&D tax incentive grant		-	40,497
Interest received		522	-
Net cash used in operating activities	26	(1,354,826)	(360,499)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(4,119)	(101,426)
Payments for security deposits		-	(8,750)
Net cash used in investing activities		(4,119)	(110,176)
Cash flows from financing activities			
Proceeds from issue of shares		779,188	950,000
Proceeds from borrowings	14	600,000	-
Repayment of lease liabilities		(31,267)	-
Share issue transaction costs	19	(11,650)	(47,149)
Repayment of borrowings	14	-	(350,000)
Net cash from financing activities		1, 336,271	552,851
Net increase/(decrease) in cash and cash equivalents		(22,674)	82,176
Cash and cash equivalents at the beginning of the financial year		165,945	83,769
Cash and cash equivalents at the end of the financial year	7	143,271	165,945

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

Note 1. General information

The financial statements cover 13 Seeds Ltd as an individual entity. The financial statements are presented in Australian dollars, which is 13 Seeds Ltd's functional and presentation currency.

13 Seeds Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

C/O - JM Corporate Services
Level 21
459 Collins Street
Melbourne, Victoria 3000

A description of the nature of the company'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 28 September 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New or amended Accounting Standards and Interpretations adopted

The company 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 company, other than noted below.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 16 Leases
The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

The impact of the adoption of this standard as at 1 July 2019 was as follows:

	$
Assets	
Right of use assets (AASB 16)	72,956
Liabilities	
Lease Liabilities - current (AASB 16)	31,320
Lease Liabilities - non-current (AASB 16)	41,636
	72,956

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2020) to the lease liabilities recognised at 1 July 2019:

	$
Total operating lease commitments disclosed at 30 June 2019	84,583
Operating lease liabilities before discounting	84,583
Discounted using incremental borrowing rate	(11,627)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	**72,956**

AASB Interpretation 23 Uncertainty over Income Tax Treatments
Interpretation 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The Company has adopted Interpretation 23 from 1 January 2019, based on an assessment of whether it is ‘probable’ that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the Company operates, a local tax authority may seek to open a company’s books as far back as inception of the Company. Where it is probable, the Company has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the Company has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or the expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of Interpretation 23 in this reporting period.

(b) 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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(c) Going concern
During the financial year ended 30 June 2020 the Company incurred an operating loss of $1,318,486 (2019: $446,261) and a negative cash outflow from operating activities of $1,354,826 (2019: $360,499).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on securing additional funding through new or existing investors to fund its operational and marketing activities. These conditions indicate a material uncertainty that may cast a significant doubt about the entity’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that the Company will continue as a going concern. As a result, the financial statements has been prepared on a going concern basis. However should the future fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.

(d) Revenue recognition
The company 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.

Research and development tax incentive grants
Research and Development tax incentive grants are recognised when they are probable of recovery and the amounts can be reliably measured, which presently is in the year when the claim is received.

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.

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

(e) 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.

Note 2. Significant accounting policies (continued)

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(f) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(g) 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.

(h) 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 company 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.

(i) Inventories
Stock on hand 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.

The cost of manufactured products include direct material, direct labour and an appropriate portion of fixed and variable overheads, the latter being applied on the basis of normal operating capacity.

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)

(j) Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(k) 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 (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

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

Leasehold improvements 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 and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 2. Significant accounting policies (continued)

(l) 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 company 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.

The company 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.

(m) Impairment of non-financial assets
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.

(n) Trade and other payables
These amounts represent liabilities for goods and services provided to the company 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.

(o) 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.

(p) 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 company'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.

(q) Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

(r) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be 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. 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-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. 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 company receives the services that entitle the employees 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

Note 2. Significant accounting policies (continued)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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 company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee 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.

(s) 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.

(t) 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.

(u) 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.

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 next financial year are discussed below.

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

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

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Note 4. Revenue

	2020 $	2019 $
Revenue from sale of goods	398,673	165,342

Note 5. Other income

	2020 $	2019 $
Research and development tax incentive grant	-	40,497
Debt forgiveness	-	27,807
COVID-19 government grants	52,861	-
Interest Income	522	-
Other income	53,383	68,304

Note 6. Income tax expense

	2020 $	2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,318,486)	(446,261)
Tax at the statutory tax rate of 27.5%	(362,584)	(122,722)
Adjustment for right of use asset write off	11,464	-
Current year tax losses not recognised	351,120	122,722
Income tax expense	-	-

	2020 $	2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	1,757,402	480,605
Potential tax benefit @ 27.5%	483,286	132,166

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 and the Company generates sufficient taxable earnings.

Note 7. Current assets - cash and cash equivalents

	2020 $	2019 $
Cash at bank	143,271	165,945

Note 8. Current assets - trade and other receivables

	2020 $	2019 $
Trade receivables	13,271	10,075
Shareholder application funds receivable	-	551,523
Other receivables	27,761	-
GST receivable	15,909	12,882
	56,941	574,480

All shareholder application funds receivable at the end of the previous financial year were received during the current financial year.

Note 9. Current assets - Inventories

	2020 $	2019 $
Raw materials	173,575	21,766
Packaging and consumables	14,237	19,254
Finished goods	47,497	33,170
	235,309	74,190

Note 10. Current assets - other

	2020 $	2019 $
Prepayments	26,220	65,797
Security deposit	8,750	8,750
Deposits paid for raw materials	66,275	
Pre-paid IPO Costs	132,656	-
	233,901	74,547

Note 11. Non-current assets - property, plant and equipment

	2020 $	2019 $
Leasehold improvements - at cost	6,866	6,866
Less: Accumulated depreciation	(6,866)	(178)
	-	6,688
Plant and equipment - at cost	69,576	166,952
Less: Accumulated depreciation	(34,464)	(26,129)
	35,112	140,823
	35,112	147,511

Note 11. Non-current assets - property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and Equipment $	Total $
Balance at 1 July 2018	6,860	58,669	65,529
Additions	-	101,426	101,426
Depreciation expense	(172)	(19,272)	(19,444)
Balance at 30 June 2019	6,688	140,823	147,511
Additions	-	3,820	3,820
Disposals	(6,516)	(60,964)	(67,480)
Depreciation expense	(172)	(48,567)	(48,739)
Balance at 30 June 2020	-	35,112	35,112

Note 12. Non-current assets - right-of-use assets

	2020 $	**2019 $**
Land and buildings - right-of-use	72,956	-
Less: Depreciation expense	(31,267)	
Less: Impairment	(41,689)	-
	-	-

Note 13. Current liabilities - trade and other payables

	2020 $	**2019 $**
Trade payables	255,277	148,226
Other payables	51,072	47,216
	306,349	195,442

Refer to note 21 for further information on financial instruments.

Note 14. Current liabilities - borrowings

	2020 $	2019 $
Convertible notes	630,000	-

Refer to note 21 for further information on financial instruments.

On 24 September 2019 the Company issued 6,000 unlisted Convertible Notes (Notes) with an issue price of $100 per Note. The Notes commenced accruing interest from 1 January 2020 in the event that they were not redeemed on the maturity date or converted to equity by the Company upon listing on the Australian Stock Exchange (ASX). The Notes are convertible at an issue price which is 80% of the issue price of fully paid ordinary shares through a Prospectus to raise funds for an initial public offering and subsequent listing on ASX. In the event that a listing on ASX is not completed, the Company can elect to repay the Notes in cash or convert the principal, amount plus any accrued interest, into fully paid ordinary shares with an issue price which is equivalent to a 20% discount on the last capital raising price conducted by the Company prior to conversion. The maturity date of the Notes was 1 September 2020. Subsequent to the end of the financial year in August 2020, the Company has been progressing with its business and other opportunities and entered into a variation letter with Note holders to extend the maturity date from 1 September 2020 to 1 September 2021.

Note 15. Current liabilities - lease liabilities

	2020 $	2019 $
Lease liability	32,887	-

Refer to note 21 for further information on financial instruments.

Note 16. Current liabilities - employee benefits

	2020 $	2019 $
Annual leave	6,520	18,742

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 17. Non-current liabilities - employee benefits

	2020 $	2019 $
Long service leave	1,155	3,267

Note 18. Non-current liabilities - lease liabilities

	2020 $	2019 $
Lease liabilities	11,510	-

Refer to note 21 for further information on financial instruments.

Note 19. Equity - issued capital

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	42,275,000	38,975,000	1,695,189	1,479,174

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	100		100
Cancellation of shares	21 June 2019	(50)	-	(50)
Share split	21 June 2019	7,999,950	-	-
Issue of shares to settle outstanding creditors	24 June 2019	247,000	$0.10	24,700
Issue of shares	26 June 2019	15,728,000	$0.0001	1,573
Issue of shares	27 June 2019	15,000,000	$0.10	1,500,000
Capital raising fees		-	-	(47,149)
Balance	30 June 2019	38,975,000		1,479,174
Issue of shares	8 July 2019	1,025,000	$0.0001	103
Outstanding Seed Capital funds received		-	-	62
Issue of shares	26 May 2020	2,275,000	$0.10	227,500
Capital raising fees		-	-	(11,650)
Balance	30 June 2020	42,275,000		1,695,189

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 19. Equity - issued capital (continued)

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

Note 20. Equity - dividends

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

Note 21. Financial instruments

Financial risk management objectives
The company'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 company'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 company.

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 company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Price risk
The company is not exposed to any significant price risk.

Liquidity risk
Vigilant liquidity risk management requires the company 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 company 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.

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

Note 22. Key management personnel disclosures

Directors
The following persons were directors of 13 Seeds Ltd during the financial year:

Mr Gernot Abl	Non-executive Chairman
Mr Ran Vaingold	Executive Director (resigned 25 October 2019 and re-appointed 1 July 2020)
Mr Corey Montry	Non-executive Director (appointed 8 October 2019)
Mr Terry Memory	Executive Director (resigned 12 September 2019)
Mrs Gemma Lynch-Memory	Executive Director (resigned 12 September 2019)
Mr Justin Mouchacca	Non-executive Director (appointed 11 November 2019 and resigned 1 July 2020)
Mr Brett Charlton	Executive Director (appointed 25 October 2019 and resigned 11 November 2019)

Note 22. Key management personnel disclosures (continued)

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

	2020 $	2019 $
Short-term employee benefits	292,308	132,308
Post-employment benefits	19,438	12,569
	311,746	144,877

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by JTP Assurance, the auditor of the company:

	2020 $	2019 $
Audit services - JTP Assurance		
Audit or review of the financial statements	19,500	14,000
Other services - network firms		
Investigating accountants report	8,000	-

Note 24. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

	2020 $	2019 $
Sale of goods and services:		
Provision of company secretarial and accounting services (JM Corporate Services)	19,587	-

JM Corporate Services is an entity related to Mr Justin Mouchacca, who was appointed a Director of the Company from 11 November 2019 to 1 July 2020.

Note 24. Related party transactions (continued)

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.

During the 2019 financial year, the Company repaid a $350,000 loan outstanding to a previous shareholder and the remaining balance of $27,807 was forgiven.

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2020 $	2019 $
Current receivables:		
Shareholder application funds receivable	-	1,305

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Events after the reporting period

Subsequent to the end of the financial year, the Company agreed to vary the maturity date of 5,980 Convertible Notes on issue from 1 September 2020 to 1 September 2021.

On 4 August 2020, the Company issued 95,000 fully paid ordinary shares settling outstanding liabilities amounting to $9,500.

On 9 September 2020, the Company issued 26,674 fully paid ordinary shares following the conversion of 20 Convertible Notes and accrued interest.

On 15 September 2020, the Company issued 10,000,000 fully paid ordinary shares with an issue price of $0.05 (5 cents) per share, raising $500,000 as part of a capital raising.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and constantly reviewed by the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the items disclosed above, no other matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	2020 $	2019 $
Loss after income tax expense for the year	(1,318,486)	(446,261)
Adjustments for:		
Depreciation and amortisation	80,006	19,444
Share-based payments	-	24,700
Debt forgiveness	-	(27,807)
Impairment of right of use assets	41,689	-
Loss on disposal of property, plant and equipment	67,789	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(10,315)	9,009
Decrease/(increase) in inventories	(224,697)	(17,984)
Decrease/(increase) in prepayments	39,577	(63,103)
Decrease/(increase) in Pre-paid IPO cost	(132,658)	-
Increase in trade and other payables	81,415	128,294
Increase/(decrease) in employee benefits	(9,146)	13,209
Increase/(decrease) in borrowings	30,000	-
Net cash used in operating activities	(1,354,826)	(360,499)

13 Seeds Ltd
(Formerly known as 13 Seeds Pty Ltd)
Directors' declaration
30 June 2020

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 company's financial position as at 30 June 2020 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.

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

Gernot Abl
Non-executive Chairman

28 September 2020

JTP | JTP ASSURANCE

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13 SEEDS LIMITED
ABN 28 614 347 269

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 13 SEEDS LIMITED

Opinion

We have audited the accompanying financial report, being a general purpose financial report of 13 Seeds Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 financial report of 13 Seeds 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 2020 and of its financial performance for the year then ended; and

(b) 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* (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.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2 (Going Concern) in the financial report, which indicates the Company incurred and operating loss of $1,318,486 (2019: $446,261) and a negative cash outflow from operating activities of $1,354,826 (2019: $360,499).

As stated in Note 2, this event or condition, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 Company 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 Company 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 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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the financial report.

Further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board Website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

We communicate with the directors regarding, among other things, 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.

JTP Assurance

JTP ASSURANCE
Chartered Accountants

W. Tarrant

WAYNE TARRANT
PARNTER

Signed at Melbourne this 28th day of September 2020