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BOD Australia Limited

ABN 89 601 225 441

Annual Report - 30 June 2017

BOD Australia Limited
Corporate directory
30 June 2017

Directors	Joanne Patterson Simon Taylor Simon O'Loughlin Mickey Perret
Company secretary	Andrew Bursill
Registered office	Suite 2, Level 10, 70 Phillip Street SYDNEY NSW 2000
Principal place of business	Level 1, 377 New South Head Road Double Bay NSW 2028
Share register	Link Market Services Limited Level 12, 680 George Street SYDNEY NSW 2000
Auditor	HLB Mann Judd Audit (SA) Pty Ltd 169 Fullarton Road Dulwich SA 5065
Stock exchange listing	BOD Australia Limited shares are listed on the Australian Securities Exchange (ASX code: BDA)
Corporate Governance Statement	Refer to Company website: https://bodaustralia.com

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BOD Australia Limited
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2017.

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:

Joanne Patterson
Simon O'Loughlin (appointed 5 August 2016)
Simon Taylor (appointed 5 August 2016)
Mickey Perret (appointed 7 August 2017)
Craig Weller (appointed 14 July 2016; resigned 1 August 2016)

Principal activities
The principal activity of BOD Australia Limited during the year was the development, manufacture and distribution of natural skin care and other health and beauty solutions.

No significant changes in the nature of the Company's activity occurred during the year.

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

Result of operations
The loss for the company after providing for income tax amounted to $3,168,615 (30 June 2016: $283,802).

Review of operations
Overall, FY2017 was a year of tremendous achievement for Bod Australia from an operational standpoint, in which the Company laid the groundwork for solid long-term growth across both the evidence-based natural skincare, healthcare markets and distribution arm of the business.

Building on a successful initial public offering (IPO), Bod's achievements in FY2017 included restructuring its portfolio of premium skincare and evidence-based natural healthcare products, strengthening distribution footprint, and beginning the commercialisation process for complementary medicinal cannabis skincare and therapeutic products.

Successful ASX listing
On 27 October 2016, the Company commenced trading on the Australian Securities Exchange (ASX) after raising $6m in an IPO from a mix of professional and institutional investors.

The IPO represented a golden opportunity for parties to invest in a provider of evidence-based health solutions. At the time, Bod had already secured the exclusive Australia, New Zealand and China distribution rights to the Dr Roebuck's range of 16 natural healthcare products, as well as the BIOEFFECT skincare brand in Australia.

The listing also provided an important financial foundation-stone for Bod's subsequent expansion of its healthcare and skincare range, including its subsequent entry into the natural healthcare market and the securing of lucrative new product distribution agreements.

Securing new distribution agreements for leading brands
To grow its revenue base, Bod expanded its product range in December 2016 by securing an exclusive distribution agreement with leading Belgian herbal medicine company Tilman SA ("Tilman") allowing it to introduce Flexofytol® into the Australian and Asian markets.

Flexofytol® uses the natural anti-inflammatory products to treat the muscular and joint pain associated with conditions such as osteoarthritis and gout with minimal side effects.

The deal additionally included first rights of refusal for the exclusive distribution rights to Tilman's entire range of natural, plant-based products, which assist with conditions including elevated cholesterol, poor digestion, intestinal discomfort, slimming, detox, stress, and poor immunity.

Bod further strengthened its product portfolio in February 2017 when it signed a distribution agreement for UK brand Pommade Divine across Australia, New Zealand and China. The wonder-balm is a natural-based alternative to Lucas Paw Paw.

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BOD is also actively working on product diversification and distribution arrangements with several other strategically appropriate products in the supplements and natural medicines space.

New product development

Building on its extensive distribution agreements for leading health and skincare brands, in November 2016 Bod began the manufacturing of its first natural medicine product, named Pinpoint, after securing regulatory approval from the Therapeutic Goods Administration (TGA) to begin manufacturing.

Because Pinpoint sits directly under the Bod Australia brand, it is a higher margin product than other brands in Bod's range. It is also a prime example of how Bod has delivered on the product development strategy outlined in the Company's prospectus.

Pinpoint uses a specific extract of the herb Bacopa Monnieri, which through numerous clinical trials has shown an ability to improve mental performance in adults and children aged seven years and over, including improved memory and recall, clear thinking, focus and mental calmness.

Expansion of distribution networks

Having built a strong portfolio of trusted, evidence-based and market-leading health and skincare brands, Bod significantly strengthened its sales pipeline and expanded its channels to market through agreements with leading retailers and distributors.

Bod's pharmacy distribution footprint was bolstered through an agreement with ASX-listed Australian Pharmaceutical Industries Ltd ("API") (ASX:API). API distributes products to more than 3,000 pharmacies across Australia under the market-leading Priceline, Soul Pattinson, Pharmacist Advice and Club Premium brands.

To expand its footprint in the grocery channel, Bod secured a significant distribution agreement with Ritchie's IGA, which operates 72 Super IGA and IGA branded supermarkets across Victoria, New South Wales and Queensland.

The Company also secured distribution into the international travel sector through a deal with Emirates Group subsidiary Alpha Inflight Services to sell its products through inflight duty free services on international Virgin Australia flights.

These new channels are in addition to Bod's established network of distribution partners, which include David Jones, Sephora, independent pharmacies, and direct sales to consumers online.

Complimentary medicinal cannabis products

Having established a strong portfolio of market-leading health and skincare brands and extensive distribution networks, Bod is now leveraging its unique market position to establish a high-growth medicinal cannabis business.

A major step in this commercialisation process was Bod signing a letter of intent (LOI) to develop a range of complimentary skincare and therapeutic products based on the high-CBD (Cannabidiol) extracts produced by leading Swiss herbal extracts company Linnea Natural Pharma Solutions (Linnea).

There is currently a tremendous and highly lucrative untapped market opportunity to develop trusted therapeutic and skincare products based on medicinal cannabis, and Bod believes premium-quality products based on Linnea's world-class extracts can corner the market.

Because most established pharmaceutical companies and biotech start-ups lack experience in the extraction process and distribution of plant-based health and skincare products, Bod's industry expertise uniquely positions it to become an industry leader in the fast-growing sector.

Further progress towards commercialisation

Subsequent to the end of the Financial Year, Bod has made significant additional steps towards the commercialisation of medicinal cannabis products.

This has included the implementation of a Medicinal Cannabis Advisory Board that brings together a range of leading international medical experts to guide the Company's strategic direction in the sector, including around clinical trials, regulatory compliance and stakeholder engagement.

The Company has also appointed Mr. Mickey Perret, who brings 30 years of executive and board experience including six years' in Canada's medicinal cannabis sector, as a Non-Executive Director, and has also completed the design of a Phase I clinical trial of medicinal cannabis products.

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Outlook

Building on its strong successes from FY2017, Bod is continuing to proactively investigate additional opportunities in FY2018 to strengthen its sales and revenue base by further expanding its product portfolio, secure additional sales and distribution channels, and advance the commercialisation of medicinal cannabis products.

Significant changes in the state of affairs

On 5 August 2016 the Company converted from a proprietary company limited by shares to a public company limited by shares.

On 26 October 2016 the Company was admitted to the official list in the Australian Stock Exchange (ASX).

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 year end, the following events occurred:

i. On 7 August 2017, Mickey Perret was appointed as a non-executive director; and

ii. The release from escrow of the restricted security ordinary shares on 30 June 2017 (2,125,000) and 7 July 2017 (250,000).

No other matter or circumstance has arisen since 30 June 2017 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

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

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

Information on directors

Name:	Joanne Patterson
Title:	Chief Executive Officer
Qualifications:	MBus. Marketing
Experience and expertise:	Jo is a strategic marketer with over 20 years' exposure both in Australia and overseas. She has developed a number of businesses from start-up as well as driving established organisations towards growth and merger trajectories. She has been officially recognised as a successful business executive by winning a number of key business awards and her acumen is evidenced in the success of previous companies in the technology, advertising and beauty sectors. Jo has held multiple CEO and Managing Director roles over her career, and in addition, she contributes philanthropic time to organisations such as The Cerebral Palsy Alliance and Fighting Chance. These wide and diverse experiences led her to found Bod Australia in 2014. With her beauty and cosmetic experience, Jo brings the "Out" to "Inside and Out".
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	5,700,000
Interests in options:	1,500,000

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Name:	Simon O'Loughlin (appointed 5 August 2016)
Title:	Non-Executive Chairman
Qualifications:	BA (Acc), Law Society Certificate in Law
Experience and expertise:	Simon O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications. Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX, most recently the backdoor listings of The Food Revolution Group Limited (formerly Crest Minerals Limited) and Xref Limited (formerly King Solomon Mines Limited). He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).
Other current directorships:	Lawson Gold Ltd, Chesser Resources Limited, Petratherm Limited, Gooroo Ventures Limited and ARC Exploration Limited.
Former directorships (last 3 years):	Kibaran Resources Ltd, Food Revolution Group Ltd, Goldminex Ltd, Oklo Resources Ltd, Crest Minerals Limited, Reproductive Health Science Ltd, WCP Resources Ltd and King Solomon Mines Limited.
Interests in shares:	510,000
Interests in options:	750,000

Name:	Simon Taylor (appointed 5 August 2016)
Title:	Non-Executive Director
Qualifications:	B.Sc, M.A.I.G.
Experience and expertise:	Simon Taylor is a resource executive with over 25 years' experience in geology, management at CEO and Board levels and in the finance sector. He has had a diversified career as a resources professional providing services to resource companies and financial corporations. This has been at both a technical and corporate level. He has also been involved in the listing and back-door listing of numerous companies on the ASX, most recently the back-door listing of Xref Limited (formerly King Solomon Mines Limited). Whilst having experience in Australia, a majority of his projects have also been in countries such as Brazil, Turkey, Uganda, Tanzania, Mali, China, the United Kingdom and North America. Mr Taylor is currently an executive director of Oklo Resources Limited and a non-executive director of Chesser Resources Limited and TW Holdings Limited.
Other current directorships:	Oklo Resources Limited, Chesser Resources Limited and ARC Exploration Limited.
Former directorships (last 3 years):	King Solomon Mines Limited and TW Holdings Limited.
Interests in shares:	770,000
Interests in options:	750,000

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Name:	Craig Weller (appointed on 14 July 2016, resigned on 1 August 2016)
Title:	Chief Operating Officer
Qualifications:	BSc. Grad. Dip. Dietetics, MBus. Marketing
Experience and expertise:	Craig has been in the healthcare industry for over 25 years. He trained as a Dietitian and worked privately and publicly before joining Abbott Laboratories in sales. He worked up through the organisation to the level of Commercial Manager (during this time he also gained a Master's Degree in marketing). He launched numerous nutritional and pharmaceuticals products into the Australian market with the most successful being Humira®. After 10 years, he moved into the biotechnology sector (Actelion Pharmaceuticals) as Sales Director and then Regional Sales and Marketing Director Asia Pacific. This role involved expanding the business across Australia and New Zealand and into South East Asia. Building on this Asian experience, he moved into natural medicines and joined Flordis (SFI) as Managing Director for Australia in 2010. This business grew extremely rapidly and with the growth, the role evolved to General Manager - Asia. During his time at Flordis (SFI), Craig gained extensive experience in the registration and launching of natural medicines into Asia (in particular, China, India and Indonesia). In partnership with Jo, Craig brings the "Inside" to "Inside + Out".
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	5,000,000
Interests in options:	1,500,000

Name:	Mickey Perret (appointed 7 August 2017)
Title:	Non-Executive Director
Experience and expertise:	Mr. Perret brings over 30 years' experience across a range of senior executive roles, including at leading Australian financial services companies including Macquarie Bank, Colonial State Bank and MBF. He currently serves as the Managing Director of building inspection and services company Houspect Australia Franchising. A seasoned board member with strong corporate governance knowledge and a Masters' Degree in Banking and Finance, Mr. Perret is currently serving as a Director at a number of private companies across both Australia and North America. Alongside his duties at Bod, Mr. Perret will remain a Director at investment properties company Coninta Holdings, and US-based start-up energy broking company Current Power and Gas. In addition, Mr. Perret is currently a Director of privately-held Australian companies Houspect Australia Franchising, Houspect New South Wales, Locper Holdings, Coninta, and Nornta. Mr. Perret brings more than six years' experience in the rapidly growing medicinal cannabis industry in North America, including through a privately-held Canadian company Backroads Enterprises Ltd, which is licensed to grow and distribute medical marijuana. In addition, Mr. Perret has been directly involved in numerous marijuana company mergers and acquisitions, including as an active foundation investor in a number of companies in the sector, and has extensive contacts across the industry in North America.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	86,000
Interests in options:	Nil

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

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

Company secretary
Andrew Bursill

Andrew Bursill has 19 years of experience as CFO of ASX listed, public and private companies in tech, biotech, medical devices, mining and VC. He has CFO and Company Secretary experience at all stages of company development from pre-revenue start-ups to $100 million+ annual turnover, Andrew is a founding partner of CFO Innovation – provider of outsourced CFO and Company Secretarial services, where he has participated in numerous successful IPOs and backdoor listings.

Andrew is a Member of the Institute of Chartered Accountants in Australia.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Joanne Patterson	7	7
Simon O'Loughin	7	7
Simon Taylor	7	7
Craig Weller	-	-

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

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Performance measured by loss per share
- Additional disclosures relating to key management personnel
- Other transactions with Directors and Key management Personnel

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

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

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

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The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

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

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

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

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

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the company's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2017.

Details of remuneration

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

The key management personnel of the company consisted of the following directors of the company:

- Joanne Patterson
- Simon O'Loughlin (appointed 5 August 2016)
- Simon Taylor (appointed 5 August 2016)
- Craig Weller (appointed 14 July 2016; resigned as Director 1 August 2016). - continues as Chief Operating Officer

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Changes since the end of the reporting period:
Mr Mickey Perret was appointed as a Non-Executive Director of Bod Australia effective from 7 August 2017.

The amount of remuneration of directors and key management personnel is set out below:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
S. O'Loughlin	27,128	25,000*	-	2,577	-	64,425	119,130
S. Taylor	23,737	25,000*	-	2,255	-	64,425	115,417
Executive Directors:							
J. Patterson	250,000	-	-	23,750	-	70,684	344,434
Other Key Management Personnel:							
Craig Weller	250,000	-	-	23,750	-	70,684	344,434
	550,865	50,000	-	52,332	-	270,218	923,415

*Fees payable on successful ASX Listing of Bod.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Executive Directors:							
J. Patterson	60,000	-	-	5,700	-	-	65,700
	60,000	-	-	5,700	-	-	65,700

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2017	2016	2017	2016	2017	2016
Non-Executive Directors:						
S. O'Loughlin	46%	-	-	-	54%	-
S. Taylor	44%	-	-	-	55%	-
Executive Directors:						
J. Patterson	79%	100%	-	-	21%	-
Other Key Management Personnel:						
Craig Weller	79%	-	-	-	21%	-

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Service agreements

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

Name:	Joanne Patterson
Title:	Chief Executive Officer
Agreement commenced:	5 September 2016
Term of agreement:	Period of 3 years commencing on the date on which the Company is admitted to the Official Listing of the Australian Stock Exchange (ASX).
Details:	The Company will pay Ms Patterson an annual salary (exclusive of statutory superannuation payments) of $250,000. Ms Patterson's total remuneration package will be reviewed annually by the Board, with any changes to be effective from 1 July each year. Ms Patterson may become entitled to an annual cash bonus and issue of Options, subject to satisfying key performance indicators (KPIs) set by the Board annually. The amount and terms of any such cash bonus and issue of Options will be determined by the Board with reference to the extent, if any, that the Board is of the view that the applicable KPIs have been exceeded and the degree to which Ms Patterson is responsible for that outcome. The Company may terminate Ms Patterson's employment summarily because of, among other things, misconduct or failure to perform duties specified in the Agreement and involvement in any illegal business practices. The Company can also terminate Ms Patterson's employment by giving three months' notice in writing (or payment in lieu of notice).

Name:	Craig Weller
Title:	Chief Operating Officer
Agreement commenced:	5 September 2016
Term of agreement:	Period of 3 years commencing on the date on which the Company is admitted to the Official Listing of the Australian Stock Exchange (ASX).
Details:	The Company will pay Mr Weller an annual salary (exclusive of statutory superannuation payments) of $250,000. Mr Weller's total remuneration package will be reviewed annually by the Board, with any changes to be effective from 1 July each year. Mr Weller may become entitled to an annual cash bonus and issue of Options, subject to satisfying key performance indicators (KPIs) set by the Board annually. The amount and terms of any such cash bonus and issue of Options will be determined by the Board with reference to the extent, if any, that the Board is of the view that the applicable KPIs have been exceeded and the degree to which Mr Weller is responsible for that outcome. The Company may terminate Mr Weller's employment summarily because of, among other things, misconduct or failure to perform duties specified in the Agreement and involvement in any illegal business practices. The Company can also terminate Mr Weller's employment by giving three months' notice in writing (or payment in lieu of notice).

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

The total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting, which is currently fixed at $300,000. All Directors are entitled to be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meeting at the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

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Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
3 August 2016	3 August 2016	3 August 2019	$0.20	$0.0859
3 August 2016	3 August 2016	3 August 2019	$0.25	$0.0730
3 August 2016	27 October 2017	3 August 2019	$0.30	$0.0628
3 August 2016	27 October 2018	3 August 2019	$0.35	$0.0546

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
J. Patterson	500,000	3 August 2016	3 August 2016	3 August 2019	$0.25	$0.0730
J. Patterson	500,000	3 August 2016	27 October 2017	3 August 2019	$0.30	$0.0628
J. Patterson	500,000	3 August 2016	27 October 2018	3 August 2019	$0.35	$0.0546
S. Taylor	750,000	3 August 2016	3 August 2016	3 August 2019	$0.20	$0.0859
S. O'Loughlin	750,000	3 August 2016	3 August 2016	3 August 2019	$0.20	$0.0859
C. Weller	500,000	3 August 2016	3 August 2016	3 August 2019	$0.25	$0.0730
C. Weller	500,000	3 August 2016	27 October 2017	3 August 2019	$0.30	$0.0628
C. Weller	500,000	3 August 2016	27 October 2018	3 August 2019	$0.35	$0.0546

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of options granted during the year 2017	Number of options granted during the year 2016	Number of options vested during the year 2017	Number of options vested during the year 2016
J. Patterson	1,500,000	-	500,000	-
S. Taylor	750,000	-	750,000	-
S. O'Loughlin	750,000	-	750,000	-
C. Weller	1,500,000	-	500,000	-

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Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
J. Patterson	70,684	-	-	21%
S. Taylor	64,425	-	-	71%
S. O'Loughlin	64,425	-	-	68%
C. Weller	70,684	-	-	21%

For further information regarding the valuation of options, including models and assumptions used, please refer to Note 25.

Additional information

The earnings of the company for the three years to 30 June 2017 are summarised below:

	2015 $	2016 $	2017 $
Sales revenue	105,972	138,020	352,877
Loss for the year	(90,918)	(283,802)	(3,168,615)

Performance measured by loss per share

The table below shows the performances of the Company measured by loss per share:

	2017
Loss per share (cents) for the year ended 30 June	(9.24)
Share Price (at 30 June) (cents)	17.50
Share Price High for year ended 30 June (cents)	31.00
Share Price Low for the year ended 30 June (cents)	16.00

For further information regarding the valuation of options, including models and assumptions used, please refer to note 25.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
J. Patterson	5,000,000	-	700,000	-	5,700,000
S. Taylor	-	-	770,000	-	770,000
S. O'Loughlin	-	-	510,000	-	510,000
C. Weller	5,000,000	-	-	-	5,000,000
	10,000,000	-	1,980,000	-	11,980,000

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Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
J. Patterson	-	1,500,000	-	-	1,500,000
S. Taylor	-	750,000	-	-	750,000
S. O'Loughlin	-	750,000	-	-	750,000
C. Weller	-	1,500,000	-	-	1,500,000
	-	4,500,000	-	-	4,500,000

Other transactions with Directors and Key Management Personnel
For information regarding other transactions with Directors and Key Management Personnel, please refer to Note 21.

This concludes the remuneration report, which has been audited.

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

Grant date	Expiry date	Exercise price	Number under option
3 August 2016	3 August 2019	$0.20	1,500,000
3 August 2016	3 August 2019	$0.25	1,000,000
3 August 2016	3 August 2019	$0.30	1,000,000
3 August 2016	3 August 2019	$0.35	1,000,000
27 October 2016	27 October 2019	$0.20	2,651,600
27 October 2016	27 October 2019	$0.30	100,000
27 October 2016	27 October 2019	$0.35	100,000
22 December 2016	22 December 2019	$0.30	750,000
22 December 2016	22 December 2019	$0.35	750,000
16 March 2017	16 March 2020	$0.25	200,000
16 March 2017	16 March 2020	$0.30	200,000
16 March 2017	16 March 2020	$0.35	200,000
			9,451,600

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

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

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

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

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

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

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of HLB Mann Judd Audit (SA) Pty Ltd
There are no officers of the company who are former partners of HLB Mann Judd Audit (SA) Pty Ltd.

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
HLB Mann Judd Audit (SA) Pty Ltd 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



Joanne Patterson
Director

21 September 2017

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HLB Mann Judd
Chartered Accountants

BOD AUSTRALIA LIMITED
ABN 89 601 225 441
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of BOD Australia Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jon Colquhoun
Partner

Adelaide, South Australia
21 September 2017

BOD Australia Limited
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30 June 2017

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Corporate governance statement

The Corporate Governance Statement is available on the Company's website at https://bodaustralia.com/

General information

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

Registered office	**Principal place of business**
Suite 2, Level 10, 70 Phillip Street, Sydney NSW 2000	Level 1 377 New South Head Road Double Bay NSW 2028

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 21 September 2017. The directors have the power to amend and reissue the financial statements.

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BOD Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	4	352,877	138,019
Expenses			
Other operating expenses	5	(1,571,033)	(197,912)
Employee benefits expense		(1,216,805)	(220,069)
Depreciation and amortisation expense		(17,334)	(2,979)
Share-based payment expenses	25	(390,150)	-
Listing expenses		(299,478)	-
Finance costs		(26,692)	(861)
Loss before income tax expense		(3,168,615)	(283,802)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of BOD Australia Limited	17	(3,168,615)	(283,802)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of BOD Australia Limited		(3,168,615)	(283,802)
		Cents	**Cents**
Basic earnings per share	24	(9.24)	(5.33)
Diluted earnings per share	24	(9.24)	(5.33)

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

BOD Australia Limited
Statement of financial position
As at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	7	3,034,209	383,264
Trade and other receivables		19,761	12,333
Inventories	8	361,928	7,787
Other assets	9	132,016	13,107
Total current assets		3,547,914	416,491
Non-current assets			
Other financial assets	10	34,013	-
Plant and equipment	11	25,647	-
Total non-current assets		59,660	-
Total assets		3,607,574	416,491
Liabilities			
Current liabilities			
Trade and other payables	12	578,556	86,443
Borrowings	13	-	690,685
Provisions	14	28,165	14,079
Total current liabilities		606,721	791,207
Total liabilities		606,721	791,207
Net assets/(liabilities)		3,000,853	(374,716)
Equity			
Issued capital	15	5,955,180	4
Reserves	16	589,008	-
Accumulated losses	17	(3,543,335)	(374,720)
Total equity/(deficiency)		3,000,853	(374,716)

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

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BOD Australia Limited
Statement of changes in equity
For the year ended 30 June 2017

	Issued capital $	Reserve $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2015	2	-	(90,918)	(90,916)
Loss after income tax expense for the year	-	-	(283,802)	(283,802)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(283,802)	(283,802)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	2	-	-	2
Balance at 30 June 2016	4	-	(374,720)	(374,716)

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2016	4	-	(374,720)	(374,716)
Loss after income tax expense for the year	-	-	(3,168,615)	(3,168,615)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,168,615)	(3,168,615)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	5,955,176	198,858	-	6,154,034
Share-based payments (note 25)	-	390,150	-	390,150
Balance at 30 June 2017	5,955,180	589,008	(3,543,335)	3,000,853

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

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BOD Australia Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		337,848	140,442
Payments to suppliers and employees (inclusive of GST)		(2,698,782)	(355,356)
Interest paid		(3,492)	-
Net cash used in operating activities	23	(2,364,426)	(214,914)
Cash flows from investing activities			
Payments for plant and equipment	11	(42,981)	(2,979)
Net cash used in investing activities		(42,981)	(2,979)
Cash flows from financing activities			
Proceeds from issue of shares	15	6,000,000	2
Proceed from issue of convertible notes		50,000	-
Proceeds from borrowings		-	579,290
Loan to other party		(34,013)	-
Share issue transaction costs		(766,950)	-
Repayment of borrowings		(190,685)	-
Net cash from financing activities		5,058,352	579,292
Net increase in cash and cash equivalents		2,650,945	361,399
Cash and cash equivalents at the beginning of the financial year		383,264	21,865
Cash and cash equivalents at the end of the financial year	7	3,034,209	383,264

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

BOD Australia Limited
Notes to the financial statements
30 June 2017

Note 1. 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.

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.

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 available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 2.

Going concern
The financial statements have been prepared on the basis of a going concern. The financial report shows the Company incurred a net loss of $3,168,615 (2016: $283,802) and net cash outflow from operating activities of $2,364,426 (2016: $214,914) during the year ended 30 June 2017. The Company continues to be economically dependent on generation of cash flow from its business and/or raising additional capital for the continued operations and the provision of working capital.

The Company’s ability to continue as a going concern is contingent upon generation of cashflow from its business and/or successfully raising additional capital. If sufficient cash flow is not generated and/or additional funds are not raised, the going concern basis may not be appropriate, with the results that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

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

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Note 1. Significant accounting policies (continued)

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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.

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.

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.

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

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Note 1. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost of inventory is determined using the first-in first-out basis and comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

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:

Plant and equipment	3-7 years

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

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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.

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

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

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

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

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.

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Note 1. Significant accounting policies (continued)

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.

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.

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.

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Note 1. Significant accounting policies (continued)

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.

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.

Earnings per share

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

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

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

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

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

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

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 2017. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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Note 2. 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.

Share-based payment transactions
The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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.

Note 3. Operating segments

Identification of reportable operating segments
The Company only currently has a single operating segment being the developer and distributor of natural, evidence-based skin care and health products. The Company's main operations and assets are located in Australia.

The Chief Operating Decision Maker (CODM - identified as the Board of Directors) reviews the performance of the entity by reviewing the growth in sales revenue. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

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Note 4. Revenue

	2017 $	2016 $
Sales revenue		
- sale of goods	347,266	134,865
Other revenue		
- consultant revenue	5,000	2,556
- freight and shipping revenue	611	598
	5,611	3,154
Revenue	352,877	138,019

Note 5. Other operating expenses

	2017 $	2016 $
Cost of sales	205,765	85,060
Accounting and professional fees	114,502	3,877
Bank charges	1,630	644
Auditing or reviewing the financial statements	40,811	6,000
Advertising	658,911	18,432
Rental expenses	57,893	20,137
Legal expenses	45,801	7,329
Research and development	65,439	-
Travel expenses	130,439	-
Logistic and freight expense	54,270	
Other expenses	195,572	56,433
	1,571,033	197,912

Note 6. Income tax expense

	2017 $	2016 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,168,615)	(283,802)
Tax at the statutory tax rate of 30%	(950,585)	(85,141)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	117,045	-
Listing expenses	89,843	-
	(743,697)	(85,141)
Current year tax losses not recognised	743,697	85,141
Income tax expense	-	-

The Company has tax losses arising in Australia of $3,858,243 (2016: $283,803) that may be available for offset against future taxable profits of the Company. No deferred tax asset has been recognised due to not meeting the recognition criteria under AASB 112 Income Taxes

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Note 7. Current assets - cash and cash equivalents

	2017 $	2016 $
Cash at bank and cash on hand	1,034,209	383,264
Cash on deposit	2,000,000	-
	3,034,209	383,264

Note 8. Current assets - inventories

	2017 $	2016 $
Finished goods - at cost	361,928	7,787

Note 9. Current assets - other assets

	2017 $	2016 $
Prepayments	48,250	4,287
Other receivables	67,827	8,820
Other deposits	15,939	-
	132,016	13,107

Note 10. Non-current assets - other financial assets

	2017 $	2016 $
Loan - Pommade Divine	34,013	-

During the period, the Company had entered into an agreement to provide a loan of GBP20,000 to a UK based company, Pommade Divine Limited with an interest rate of 10% and a maturity period of 1 year.

Note 11. Non-current assets - plant and equipment

	2017 $	2016 $
Plant and equipment - at cost	42,981	-
Less: Accumulated depreciation	(17,334)	-
	25,647	-

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Note 11. Non-current assets - 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:

	Plant and equipment $	Total $
Balance at 1 July 2015	-	-
Additions	2,997	2,997
Depreciation expense	(2,997)	(2,997)
Balance at 30 June 2016	-	-
Additions	42,981	42,981
Depreciation expense	(17,334)	(17,334)
Balance at 30 June 2017	25,647	25,647

Note 12. Current liabilities - trade and other payables

	2017 $	2016 $
Trade payables	400,224	14,815
Other payables and accruals	75,374	6,000
Superannuation Payable	25,092	14,459
PAYG Withholding Payable	77,866	51,169
	578,556	86,443

Note 13. Current liabilities - borrowings

	2017 $	2016 $
Loans - related parties	-	190,685
Convertible notes	-	500,000
	-	690,685

During the period, the convertible notes were fully converted into ordinary shares of the Company.

Note 14. Current liabilities - provisions

	2017 $	2016 $
Annual leave	28,165	14,079

Note 15. Equity - issued capital

	2017 Shares	2016 Shares	2017 $	2016 $
Ordinary shares - fully paid	46,032,000	10,000,000	5,955,180	4

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Note 15. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2015	2	2
Shares issued		2	2
Share split (2,500,000 : 1 basis)		9,999,996	-
Balance	30 June 2016	10,000,000	4
Conversion of convertible notes		6,032,000	603,200
Initial public offer		30,000,000	6,000,000
Less share issue costs		-	(648,024)
Balance	30 June 2017	46,032,000	5,955,180

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.

Share buy-back
There is no current on-market share buy-back.

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.

Note 16. Equity - reserves

	2017 $	2016 $
Share-based payments reserve	589,008	-

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

Note 17. Equity - accumulated losses

	2017 $	2016 $
Accumulated losses at the beginning of the financial year	(374,720)	(90,918)
Loss after income tax expense for the year	(3,168,615)	(283,802)
Accumulated losses at the end of the financial year	(3,543,335)	(374,720)

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Note 18. Equity - dividends

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

Note 19. 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 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.

Market risk

Foreign currency risk
The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

During the year, most of the Company's transactions are in Australian dollar, and while there are sales and purchases made in foreign currencies, the movement in foreign exchange did not have a material impact to the overall financial performance of the Company.

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

Interest rate risk
The Company has limited exposure to interest rate risk as there are no external loans. The Company has term deposit but as the interest rates are fixed, there are limited exposure to movement in interest rates.

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

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.

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Note 19. Financial instruments (continued)

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

2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Interest-bearing						
Cash and cash equivalents	2.6%	3,034,209	-	-	-	3,034,209
Non-interest-bearing						
Trade and other receivables	-	19,761	-	-	-	19,761
Other financial assets	-	-	34,013	-	-	34,013
Trade payables	-	(400,224)	-	-	-	(400,224)
Other payables	-	(178,332)	-	-	-	(178,332)
Total non-derivatives		2,475,414	34,013	-	-	2,509,427

2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Cash and cash equivalents`	-	383,264	-	-	-	383,264
Trade and other receivables	-	12,333	-	-	-	12,333
Trade payables	-	(14,815)	-	-	-	(14,815)
Other payables	-	(71,628)	-	-	-	(71,628)
Loans - related parties	-	(43,085)	-	-	-	(43,085)
Interest-bearing - variable						
Convertible notes	12.68%	(500,000)	-	-	-	(500,000)
Loans - related party	5.09%	(147,600)	-	-	-	(147,600)
Total non-derivatives		(381,531)	-	-	-	(381,531)

The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The company does not expect these payments to eventuate.

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

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

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Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd Audit (SA) Pty Ltd, the auditor of the company:

	2017 $	2016 $
Audit services - HLB Mann Judd Audit (SA) Pty Ltd		
Audit or review of the financial statements	29,750	6,000
Other services - HLB Mann Judd Audit (SA) Pty Ltd		
Investigating accountants report	15,000	-
Others	1,800	-
	16,800	-
	46,550	6,000

Note 21. Related party transactions

Parent entity
BOD Australia Limited is the parent entity.

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

	2017 $	2016 $
Payment for goods and services:		
Payment for legal services to O'Loughlins Lawyers, an entity associated with Simon O'Loughlin	131,396	3,801

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

	2017 $	2016 $
Current payables:		
Payable to O'Loughlins Lawyer, an entity associated with Simon O'Loughlin	8,396	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	2017 $	2016 $
Current borrowings:		
Loan from Jo Patterson (interest bearing)	-	147,600
Loan from Jo Patterson	-	40,217
Loan from Craig Weller	-	2,868

The loan from Jo Patterson (interest bearing) had an interest of 5.09%. Other loans are non-interest bearing. The loans were all fully repaid by 30 June 2017.

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Note 21. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, and no more favourable than those the Company would have adopted if dealing at arm's length.

Note 22. Events after the reporting period

Subsequent to year end, the following events occurred:

i. On 7 August 2017, Mickey Perret was appointed as non-executive director; and

ii. The release from escrow of the restricted security ordinary shares on 30 June 2017 (2,125,000) and 7 July 2017 (250,000).

No other matter or circumstance has arisen since 30 June 2017 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 23. Reconciliation of loss after income tax to net cash used in operating activities

	2017 $	2016 $
Loss after income tax expense for the year	(3,168,615)	(283,802)
Adjustments for:		
Depreciation and amortisation	17,334	2,979
Share-based payments	390,150	-
Finance costs	23,200	-
Listing expenses	299,478	-
Others	30,000	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(75,255)	(18,865)
Decrease/(increase) in inventories	(354,141)	10,847
Increase in prepayments	(51,083)	(2,891)
Increase in trade and other payables	510,420	62,739
Increase in other provisions	14,086	14,079
Net cash used in operating activities	(2,364,426)	(214,914)

Note 24. Earnings per share

	2017 $	2016 $
Loss after income tax attributable to the owners of BOD Australia Limited	(3,168,615)	(283,802)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	34,284,581	5,327,869
Weighted average number of ordinary shares used in calculating diluted earnings per share	34,284,581	5,327,869
	Cents	**Cents**
Basic earnings per share	(9.24)	(5.33)
Diluted earnings per share	(9.24)	(5.33)

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Note 25. Share-based payments

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of the Group. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, employees and eligible contractors of the Group.

The following share-based payment arrangements were entered into during the year:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Exercisable at end of the year
22/12/2016	22/12/2019	$0.30	-	750,000	-	-	750,000	750,000
22/12/2016	22/12/2019	$0.35	-	750,000	-	-	750,000	-
03/08/2016	03/08/2019	$0.20	-	1,500,000	-	-	1,500,000	1,500,000
03/08/2016	03/08/2019	$0.30	-	1,000,000	-	-	1,000,000	-
03/08/2016	03/08/2019	$0.35	-	1,000,000	-	-	1,000,000	-
03/08/2016	03/08/2019	$0.25	-	1,000,000	-	-	1,000,000	1,000,000
27/10/2016	27/10/2019	$0.20	-	2,651,600	-	-	2,651,600	2,651,600
27/10/2016	27/10/2019	$0.30	-	100,000	-	-	100,000	-
27/10/2016	27/10/2019	$0.35	-	100,000	-	-	100,000	-
16/03/2017	16/03/2020	$0.25	-	200,000	-	-	200,000	200,000
16/03/2017	16/03/2020	$0.30	-	200,000	-	-	200,000	-
16/03/2017	16/03/2020	$0.35	-	200,000	-	-	200,000	-
			-	9,451,600	-	-	9,451,600	6,101,600

The range of exercise price for options outstanding at the end of the year was $0.20 - $0.35.

The weighted remaining contractual life for options outstanding at the end of the year was 2.26 years

The fair value of the options granted during the financial year was determined using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2017:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
22/12/2016	22/12/2019	$0.18	$0.30	63.36%	-	2.04%	$0.0554
22/12/2016	22/12/2019	$0.18	$0.35	63.36%	-	2.04%	$0.0480
03/08/2016	03/08/2019	$0.20	$0.20	63.36%	-	1.43%	$0.0859
03/08/2016	03/08/2019	$0.20	$0.30	63.36%	-	1.43%	$0.0628
03/08/2016	03/08/2019	$0.20	$0.35	63.36%	-	1.43%	$0.0546
03/08/2016	03/08/2019	$0.20	$0.25	63.36%	-	1.43%	$0.0730
27/10/2016	27/10/2019	$0.20	$0.20	63.36%	-	1.75%	$0.0864
27/10/2016	27/10/2019	$0.20	$0.30	63.36%	-	1.75%	$0.0633
27/10/2016	27/10/2019	$0.20	$0.35	63.36%	-	1.75%	$0.0551
16/03/2017	16/03/2020	$0.19	$0.25	77.55%	-	2.02%	$0.0844
16/03/2017	16/03/2020	$0.19	$0.30	77.55%	-	2.02%	$0.0758
16/03/2017	16/03/2020	$0.19	$0.35	77.55%	-	2.02%	$0.0686

The underlying expected volatility was determined by reference to historical data of the Company's share over a period of time. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, $390,150 of share-based payment expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to share option reserve.

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Note 26. Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at 30 June 2017 (2016: nil).

Note 27. Commitments

	2017 $	2016 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	54,439	-

The lease commitment relates to the rental of office space in Double Bay NSW 2028 and is non-cancellable within a one year term.

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BOD Australia Limited
Directors' declaration
30 June 2017

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 1 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 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



_____
Joanne Patterson
Director

21 September 2017

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BOD AUSTRALIA LIMITED
ABN 89 601 225 441
INDEPENDENT AUDITOR'S REPORT

To the Members of BOD Australia Limited:

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of BOD Australia Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2017 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 Company 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 Regarding Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of $3,168,615 during the year ended 30 June 2017 and incurred net cash outflows from operating activities of $2,364,426. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

Key Audit Matter	How our audit addressed the key audit matter
Share-Based Payments	
During the period, the Company issued options to Directors, Employees and Contractors. The Company has performed calculations to record the related share based payment expenses in the statement of profit or loss and other comprehensive income. We focused on this area as a key audit matter due to the judgmental estimates used in determining the valuation of the share based payments. Refer to Note 25 to the financial statements for the share based payment expenses recognised for the period ended 30 June 2017 and related disclosure.	Our procedures included but were not limited to the following: • We determined that the Company used the Black Scholes model in valuing the options issued to directors, employees and contractors during the period. • We reviewed and assessed the key assumptions used by the company in the valuation of the options. • We examined the treatment of vesting conditions in relation to the amounts recorded for share-based payments during the period. • We also assessed the adequacy and completeness of the disclosure in Note 25.

Information Other than the Financial Report and Auditor's Report Thereon

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 2017, 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.

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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 have 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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.

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BOD AUSTRALIA LIMITED
ABN 89 601 225 441
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of BOD Australia Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jon Colquhoun
Partner

Adelaide, South Australia
21 September 2017

BOD Australia Limited
Shareholder information
30 June 2017

The shareholder information set out below was applicable as at 21 August 2017.

ASX Listing Rule 4.10.19

Bod Australia Limited has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

Distribution of equitable securities

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

Range	Number of Holders of ordinary shares	Number of holders of ordinary unquoted shares escrowed to 27/10/2017	Number of holders of ordinary quoted shares escrowed to 27/10/2018
1 to 1,000	7	-	-
1,001 to 5,000	38	-	-
5,001 to 10,000	53	-	-
10,001 to 100,000	198	10	-
100,001 and over	72	3	5
Total	368	13	5
Holding less than a marketable parcel	0	-	-

Range	Number of holders of unquoted options, price $0.20, expiry 27/10/2019 escrowed to 27/10/2017	Number of holders of unquoted options price $0.20, expiry 3/08/2019 escrowed to 27/10/2018	Number of holders of unquoted options price $0.25, expiry 3/08/2019 escrowed to 27/10/2018
10,001 to 100,000	-		
100,001 and over	1	2	2
Total	1	2	2
Holding less than a marketable parcel	-	-	-

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BOD Australia Limited
Shareholder information
30 June 2017

Range	Number of holders of unquoted options price $0.30, expiry 3/08/2019 escrowed to 27/10/2018	Number of holders of unquoted options price $0.35, expiry 3/08/2019 escrowed to 27/10/2018	Number of holders of unquoted options price $0.20, expiry 27/10/2019 escrowed to 27/10/2018
100,001 and over	2	2	1
Total	2	2	1
Holding less than a marketable parcel	-	-	-

Range	Number of holders of unquoted options price $0.20, expiry 27/10/2019	Number of holders of unquoted options price $0.30, expiry 27/10/2019	Number of holders of unquoted options price $0.35, expiry 27/10/2019
10,001 to 100,000	1	1	1
100,001 and over	-	-	-
Total	1	1	1
Holding less than a marketable parcel	-	-	-

Range	Number of holders of unquoted options price $0.30, expiry 22/12/2019	Number of holders of unquoted options price $0.35, expiry 22/12/2019 vesting period of 6 months	Number of holders of unquoted options price $0.25, expiry 16/03/2020
100,001 and over	1	1	1
Total	1	1	1
Holding less than a marketable parcel	-	-	-

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BOD Australia Limited
Shareholder information
30 June 2017

Range	Number of holders of unquoted options price $0.30, expiry 16/03/2020 vesting period of 12 months	Number of holders of unquoted options price $0.35, expiry 16/03/2020 vesting period of 24 months
100,001 and over	1	1
Total	1	1
Holding less than a marketable parcel	-	-

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BOD Australia Limited
Shareholder information
30 June 2017

Equity security holders

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

	Ordinary shares	
	Number held	**% of total shares issued**
NOIR TED PTY LTD	5,000,000	10.86
HEALTH AND BEAUTY ENTERPRISE PTY LIMITED	5,000,000	10.86
CITICORP NOMINEES PTY LIMITED	2,532,026	5.50
AWJ FAMILY PTY LTD	1,893,500	4.11
GP SECURITIES PTY LTD	1,630,000	3.54
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,600,000	3.48
CALAMA HOLDINGS PTY LTD	1,505,000	3.27
JIMBZAL PTY LTD	770,000	1.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	730,000	1.59
JGC PATTERSON PTY LTD	700,000	1.52
MR JAMES MACKAY & MRS SKYE MACKAY	680,000	1.48
SYMINGTON PTY LTD	519,241	1.13
MERCHANT CORPORATE FINANCE PTY LTD	500,000	1.09
CS THIRD NOMINEES PTY LIMITED	500,000	1.09
MR NEIL CARTER	500,000	1.09
TASMAN PTY LTD	480,000	1.04
TSUGI PTY LTD	425,000	0.92
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	400,000	0.87
MR MATTHEW JAMES GRIFFIN	400,000	0.87
AR1 CAPITAL PTY LTD	400,000	0.87
MR JEFFREY ROY ELLISON & MRS TONI ALICE ELLISON	385,000	0.84
CLARKSON'S BOATHOUSE PTY LTD	385,000	0.84
MR TIMOTHY PAUL PEMBROKE	375,000	0.81
TWENTY TEN ENTERPRISES PTY LTD	360,000	0.78
CORPORATE PROPERTY SERVICES PTY LTD	320,000	0.70
TAYCOL NOMINEES PTY LTD	312,000	0.68
TOTAL	**28,301,767**	**61.48**

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Unquoted equity securities

	Number on issue	Number of holders
UNLISTED ORDINARY SHARES – ESCROW UNTIL 27 OCTOBER 2017	190,000	13
UNLISTED ORDINARY SHARES – ESCROW UNTIL 27 OCTOBER 2018	10,717,000	5
$0.20 UNLISTED OPTIONS EXPIRING 27/10/2019, ESCROW UNTIL 27/10/2017	250,000	1
$0.20 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018	1,500,000	2
$0.25 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018	1,000,000	2
$0.30 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018	1,000,000	2
$0.35 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018	1,000,000	2
$0.20 UNLISTED OPTIONS EXPIRING 27/10/2019, ESCROW UNTIL 27/10/2018	2,301,600	1
$0.20 UNLISTED OPTIONS EXPIRING 27/10/2019	100,000	1
$0.30 UNLISTED OPTIONS EXPIRING 27/10/2019	100,000	1
$0.35 UNLISTED OPTIONS EXPIRING 27/10/2019	100,000	1
$0.30 UNLISTED OPTIONS EXPIRING 22/12/2019	750,000	1
$0.35 UNLISTED OPTIONS EXPIRING 22/12/2019, VESTING PERIOD OF 6 MONTHS	750,000	1
$0.25 UNLISTED OPTIONS EXPIRING 16/03/2020	200,000	1
$0.30 UNLISTED OPTIONS EXPIRING 16/03/2020, VESTING PERIOD OF 12 MONTHS	200,000	1
$0.35 UNLISTED OPTIONS EXPIRING 16/03/2020, VESTING PERIOD OF 24 MONTHS	200,000	1

The following persons holds 20% or more of unquoted equity securities:

UNLISTED ORDINARY SHARES – ESCROW UNTIL 27/10/2018

- NOIR TED PTY LTD
  Number held: 5,000,000

- HEALTH AND BEAUTY ENTERPRISE PTY LIMITED
  Number held: 5,000,000

$0.20 UNLISTED OPTIONS EXPIRING 27/10/2019, ESCROW UNTIL 27/10/2017

- NWR COMMUNICATIONS PTY LTD
  Number held: 250,000

$0.20 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018

- JIMBZAL PTY LTD <TAYLOR FAMILY A/C>
  Number held: 750,000

- YOIX PTY LTD
  Number held: 750,000

$0.25 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018

- NOIR TED PTY LTD
  Number held: 500,000

- HEALTH AND BEAUTY ENTERPRISE PTY LIMITED
  Number held: 500,000

$0.30 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018

- NOIR TED PTY LTD
  Number held: 500,000

- HEALTH AND BEAUTY ENTERPRISE PTY LIMITED
  Number held: 500,000

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$0.35 UNLISTED OPTIONS EXPIRING 3/08/2019, ESCROW UNTIL 27/10/2018

- NOIR TED PTY LTD
  Number held: 500,000

- HEALTH AND BEAUTY ENTERPRISE PTY LIMITED
  Number held: 500,000

$0.20 UNLISTED OPTIONS EXPIRING 27/10/2019, ESCROW UNTIL 27/10/2018

- TAYCOL NOMINEES PTY LTD
  Number held: 2,301,600

$0.20 UNLISTED OPTIONS EXPIRING 27/10/2019

- JOHN GILDER
  Number held: 100,000

$0.30 UNLISTED OPTIONS EXPIRING 27/10/2019

- JOHN GILDER
  Number held: 100,000

$0.35 UNLISTED OPTIONS EXPIRING 27/10/2019

- JOHN GILDER
  Number held: 100,000

$0.30 UNLISTED OPTIONS EXPIRING 22/12/2019

- TAYCOL NOMINEES PTY LTD
  Number held: 750,000

$0.35 UNLISTED OPTIONS EXPIRING 22/12/2019, VESTING PERIOD OF 6 MONTHS

- TAYCOL NOMINEES PTY LTD
  Number held: 750,000

$0.25 UNLISTED OPTIONS EXPIRING 16/03/2020

- JOHN GILDER
  Number held: 200,000

$0.30 UNLISTED OPTIONS EXPIRING 16/03/2020, VESTING PERIOD OF 12 MONTHS

- JOHN GILDER
  Number held: 200,000

$0.35 UNLISTED OPTIONS EXPIRING 16/03/2020, VESTING PERIOD OF 24 MONTHS

- JOHN GILDER
  Number held: 200,000

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Substantial holders
Substantial holders in the company are set out below based on the shares disclosed as held from the last Form 603 or Form 604 lodged by the shareholder:

	Ordinary shares Number held
HEALTH AND BEAUTY ENTERPRISE PTY LIMITED JGC PATTERSON PTY LTD	5,700,000
NOIR TED PTY LTD	5,000,000

Voting rights
Voting rights are as set out below:

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

Options
All quoted and unquoted options do not carry any voting rights.

ASX Listing Rule 3.13.1 and 14.3
The Annual General Meeting is scheduled to be held on 15 November 2017.

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