BOD Australia Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	BOD Australia Limited
ABN:	89 601 225 441
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' from 1 July 2018. The Accounting Standards have been applied retrospectively and comparatives have been restated, where applicable. There was no material impact of adoption of AASB 9 or AASB 15 for the year ended 30 June 2019 or the comparative year.

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Revenues from ordinary activities	up	14.9%	to	1,344,350
Loss from ordinary activities after tax attributable to the owners of BOD Australia Limited	up	107.6%	to	(7,623,571)
Loss for the year attributable to the owners of BOD Australia Limited	up	107.6%	to	(7,623,571)

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

Comments
The loss for the consolidated entity after providing for income tax amounted to $7,623,571 (30 June 2018: $3,672,105).

Refer to the 'Review of operations' section of the Directors' report for further commentary on the results of the consolidated entity.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.90	4.64

4. Loss of control over entities

Not applicable.

5. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

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7. Details of associates and joint venture entities

Not applicable.

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8. Foreign entity

Details of origin of accounting standards used in compiling the report:

Not applicable.

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9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

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10. Attachments

Details of attachments (if any):

The Directors' report and annual financial statements of BOD Australia Limited for the year ended 30 June 2019 is attached.

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11. Signed

Signed ______________________________ Date: 30 August 2019

Joanne Patterson
Director and Chief Executive Officer
Sydney

BOD Australia Limited

ABN 89 601 225 441

Directors' report and annual financial statements - 30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of BOD Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entity it controlled at the end of, or during, the year ended 30 June 2019.

Directors

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

George Livery (Executive Chairman – appointed on 1 September 2018)
Joanne Patterson
Simon O'Loughlin
Simon Taylor
Stephen Thompson (appointed on 1 September 2018)
Akash Bedi (appointed on 23 July 2019)
Patrice Malard (appointed on 23 July 2019)
Mickey Perret (resigned on 31 January 2019)

Principal activities

The principal activity of the consolidated entity during the financial year was that of a vertically integrated developer, manufacturer, distributor and marketer of plant-based natural health supplements and beauty solutions. In addition, the consolidated entity has a substantial cannabis business and is developing a range of over the counter and therapeutic products based on Good Manufacturing Practice ('GMP') certified cannabis extracts.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $7,623,571 (30 June 2018: $3,672,105).

Revenue of $800,550 (30 June 2018: $852,783) the over the counter ('OTC') herbals business is a result of the consolidated entity's broadened distribution footprint through partnerships with leading banner groups domestically and internationally. Marketing spend of $2,022,172 (30 June 2018: $1,084,446) assisted with alignment to Australia's largest pharmacy wholesalers both Australian Pharmaceutical Industries ('API') and Symbion.

Revenue of $19,671 (30 June 2018: $nil) in the medical division was generated after the consolidated entity received its first ever prescription for its MediCabilis product. Bolstering its medicinal cannabis focus, the consolidated entity entered into a distribution agreement with Burleigh Heads Cannabis ('BHC') and its partner company, Cannabis Doctors Australia ('CDA') for its MediCabilis product. BHC is a leading supplier of cannabis products to patients and doctors and CDA provide education and support around the use of medicinal cannabis.

A commitment to research and development through a spend of $1,760,784 (30 June 2018: $1,067,221) was evident in the Phase I Clinical Trial of the sublingual cannabis wafer. The trial tested the safety, tolerability and pharmacokinetics of the proprietary cannabis extract in a novel and patented delivery method.

Impairment of inventories of $608,380 (30 June 2018: $132,000) relate to slow moving and ageing stock in the OTC herbals business. Other expenses of $1,116,536 (30 June 2018: $1,032,398) include cost control mechanisms implemented in March 2019.

Employee/director benefit expense of $2,867,080 (30 June 2018: $946,266) relate to a strengthening of the board and management team. Notable appointments are George Livery and Stephen Thompson as executive directors, Charles Altshuler as Head of Finance, Despina Lord as Medical Science Liaison Manager as well as Michael Clark appointed as General Manager, Europe. Michael is responsible for increasing sales growth in the Europe region, liaising with potential distribution partners and driving product uptake.

Cash and cash equivalents as at 30 June 2019 was $2,843,797 (30 June 2018: $3,115,414).

Significant changes in the state of affairs
BOD SAGL - Lugano was incorporated on 17 April 2019 as a 100% owned subsidiary of BOD Australia Limited.

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

Matters subsequent to the end of the financial year
Since the reporting date, the company secured an investment from NewH², the innovation arm of Hong Kong Stock Exchange listed Health and Happiness Group Limited (H&H Group, HKSE: 1112) and entered into an exclusive global agreement to commercialise its Cannabidiol ('CBD') products for relevant markets.

Under the agreement, NewH² have taken a 17.64% stake in the company for an investment of $5,500,000. The agreement includes a $1,500,000 upfront cash payment for the exclusivity, which will be used for research and development and product development initiatives in regards to CBD and hemp products.

The company also raised $1,199,970 from the exercise of options subsequent to year end.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The continuity and cultivation of the relationships with Australia's largest pharmacy wholesalers both API and Symbion together with the marketing spend during the year ended 30 June 2019 will leave the consolidated entity well positioned for future growth in the OTC herbals business segment. The focus remains on cultivating relationships with banner groups, speciality retailers and department stores, to sell the consolidated entity's products.

In the medical side of the business, rapid growth in the recent weeks has been seen, fulfilling 161 prescriptions in July 2019 alone, representing a 273% increase over June 2019.

Cost control mechanisms during the year ended 30 June 2019 will bear benefits of reduced cash outflows for the year ending 30 June 2020.

As detailed above, since the end of the financial year, the consolidated entity received a strategic investment from NewH² that will see the commercialisation of its CBD products in certain markets.

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

Information on directors

Name:	George Livery
Title:	Executive Chairman (appointed on 1 September 2018)
Qualifications:	Fellow of the Australian Marketing Institute
Experience and expertise:	George has over 25 years' experience in senior roles domestically and internationally. Most relevant are his last seven years as director of strategy and corporate development at Swisse Wellness Group, a market leading wellness brand. In addition, George's high-level executive experience is culminated in positions across multiple other industries including the role of chief executive officer at Village Cinemas Australia, chief operating officer of Village International, commercial director at Hoyts Limited, and director of operations and marketing (non-academic services) at the University of Sydney. He has won numerous marketing awards including the Australian Marketing Institute ('AMI') marketing program of the year in 2008 and Loyalty Program of the year also in 2008. George is a qualified migration agent, not-for-profit advisor, corporate board strategist, investor and mentor.
Other current directorships:	None
Former directorships:	None
Special responsibilities:	None
Interests in shares:	320,000 ordinary shares
Interests in options:	2,300,000 options over ordinary shares

Name:	Joanne Patterson
Title:	Chief Executive Officer
Qualifications:	MBus. Marketing
Experience and expertise:	Jo is a strategic marketer with over 20 years' experience 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. Her acumen is evidenced in the success of previous companies in the technology, advertising and beauty sectors. Jo has held multiple chief executive officer 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 Jo 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
Special responsibilities:	None
Interests in shares:	5,800,000 ordinary shares
Interests in options:	1,500,000 options over ordinary shares

Name:	Simon O'Loughlin
Title:	Non-Executive Director (formerly Non-Executive Chairman until 31 August 2018)
Qualifications:	BA (Acc), Law Society Certificate in Law
Experience and expertise:	Simon 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. Simon 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 back-door 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:	Chesser Resources Limited and Petratherm Limited
Former directorships (last 3 years):	Kibaran Resources Limited, Food Revolution Group Limited, Goldminex Limited, Oklo Resources Limited, Crest Minerals Limited, Reproductive Health Science Limited, King Solomon Mines Limited, Lawson Gold Limited, Gooroo Ventures Limited, ARC Exploration Limited and WCP Resources Limited
Special responsibilities:	None
Interests in shares:	610,000 ordinary shares
Interests in options:	750,000 options over ordinary shares

Name:	Simon Taylor
Title:	Non-Executive Director
Qualifications:	B.Sc, M.A.I.G.
Experience and expertise:	Simon is a resource executive with over 25 years' experience at chief executive officer and board levels. He has had a diversified career providing professional services to resource companies and financial corporations. 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). Simon has significant international experience having been involved in business with operations in Australia, Brazil, Turkey, Uganda, Tanzania, Mali, China, the United Kingdom and North America.
Other current directorships:	Oklo Resources Limited and Chesser Resources Limited
Former directorships (last 3 years):	TW Holdings Limited and ARC Exploration Limited
Special responsibilities:	None
Interests in shares:	870,000 ordinary shares
Interests in options:	750,000 options over ordinary shares

Name:	Stephen Thompson
Title:	Executive Director (appointed on 1 September 2018)
Qualifications:	Bachelor of Business, MBA, GAICD
Experience and expertise:	Stephen is a senior business leader with a track record in scaling growth businesses and driving transformation across ASX-listed companies. He has over 30 years' experience in senior management roles at blue chip companies Coca Cola Amatil Limited, Toll Holdings Limited, and Tabcorp Holdings Limited. He is the chief adviser to Brett Blundy, one of Australia's most successful entrepreneurs and founder of BBRC Worldwide, a private investment company. He has been involved in three public listings within 12 months, including the initial public offering of Lovisa Holdings Limited. He is the chief executive officer and founder of Lifelong Partners Advisory. Stephen's earlier career involved management consulting rules at PriceWaterhouse and Deloitte and a senior executive role at the Red Earth retail chain.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	325,000 ordinary shares
Interests in options:	2,300,000 options over ordinary shares

Name:	Akash Bedi
Title:	Non-Executive Director (appointed on 23 July 2019)
Qualifications:	Bachelor of Engineering (Mechanical) MBA Cardiff Business School
Experience and expertise:	Akash is Group Senior Director of Strategy and Corporate Affairs at H&H Group. He is based in Hong Kong and is responsible for leading H&H Group's strategy and business development including mergers and acquisitions, and strategic investments for NewH2. He has extensive experience in investing in global start-ups and high growth companies with technologies and businesses that are of strategic importance to H&H Group. Akash has a wealth of experience in multicultural and global environments. Prior to joining H&H Group, he was a Director of Global Consumer and Retail for HSBC for over a decade. During this time he worked on a number of highly complex acquisitions in North America, London and Asia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

Name:	Patrice Malard
Title:	Non-Executive Director (appointed on 23 July 2019)
Qualifications:	PhD in microbial genetics and cell biology from the University of Lille in France
Experience and expertise:	Patrice is Chief Technology Officer of H&H Group, General Manager of the H&H Technical Centre and Chairman of H&H Group's BINC foundation. He has had a storied career spanning nearly four decades, having held multiple senior roles with international agriculture and food focused companies. Prior to joining Biostime in 2010 as a consultant, Patrice was Strategy and Development Director of US seed company, Pioneer-Hi Bred's French entity. Following this role, Patrice joined Lallemand, a French Canadian company focused on producing probiotics where he was Business Development Director of the human nutrition group focused on European and Asian markets. Shortly after his time at Lallemand, he started his own company, Kloarys Development to work on using probiotics in cosmetics.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

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

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

Company secretary
Stephen Kelly was appointed on 1 September 2018 replacing Andrew Bursill

Stephen Kelly is a Chartered Accountant with more than 25 years' experience in the areas of external and internal audit, risk management and compliance, treasury and corporate finance across a range of industry sectors including mining, infrastructure, property development and banking and finance. He has served as the chief executive officer and company secretary for a number of companies listed on the ASX, TSX and the London Stock Exchange.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held
George Livery	10	10
Joanne Patterson	10	10
Simon O'Loughlin	12	12
Simon Taylor	11	12
Stephen Thompson	12	12
Mickey Perret	7	7

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 consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

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

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

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

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; and
- 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; and
- 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.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum remuneration for non-executive directors' remains at $300,000 per annum unless specifically approved by shareholders. All directors are entitled to be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the directors or any committee of directors or general meetings of the company or otherwise in connection with the business of the company.

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

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- 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 consolidated entity and comparable market remunerations.

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

The 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 consolidated entity's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2019.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return since listing on the ASX.

Use of remuneration consultants
During the financial year ended 30 June 2019, the consolidated entity did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')
At the 2018 AGM, 89% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

The key management personnel of the consolidated entity consisted of the following:
- George Livery – Executive Chairman (appointed 1 September 2018)
- Joanne Patterson – Chief Executive Officer
- Simon O'Loughlin – Non-Executive Director (formerly Non-Executive Chairman until 31 August 2018)
- Simon Taylor – Non-Executive Director
- Stephen Thompson – Executive Director (appointed 1 September 2018)
- Mickey Perret – Former Non-Executive Director (resigned 31 January 2019)
- Craig Weller - Chief Operating Officer

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	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Simon O'Loughlin	35,833	-	-	3,404	-	-	39,237
Simon Taylor	34,999	-	-	3,324	-	-	38,323
Mickey Perret*	20,416	-	-	1,940	-	22,522	44,878
Executive Directors:							
George Livery**	39,167	-	-	3,721	-	362,919	405,807
Joanne Patterson	300,000	-	6,841	28,500	-	3,987	339,328
Stephen Thompson**	33,333	-	-	3,167	-	276,163	312,663
Other Key Management Personnel:							
Craig Weller	250,000	-	5,865	23,750	-	3,987	283,602
	713,748	-	12,706	67,806	-	669,578	1,463,838

* Represents remuneration from 1 July 2018 to the date of resignation 31 January 2019.
** Represents remuneration from date of appointment 1 September 2018 to 30 June 2019.

2018	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Simon O'Loughlin	40,000	-	-	3,800	-	-	43,800
Simon Taylor	35,000	-	-	3,325	-	-	38,325
Mickey Perret*	17,500	-	-	1,662	-	53,225	72,387
Executive Directors:							
Joanne Patterson	250,000	-	-	23,750	-	20,530	294,280
Other Key Management Personnel:							
Craig Weller	250,000	-	-	23,750	-	20,530	294,280
	592,500	-	-	56,287	-	94,285	743,072

* Represents remuneration from date of appointment 7 August 2017 to 30 June 2018.

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

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
Simon O'Loughlin	100%	100%	-	-	-	-
Simon Taylor	100%	100%	-	-	-	-
Mickey Perret	50%	26%	-	-	50%	74%
Executive Directors:						
George Livery	11%	-	-	-	89%	-
Joanne Patterson	99%	93%	-	-	1%	7%
Stephen Thompson	12%	-	-	-	88%	-
Other Key Management Personnel:						
Craig Weller	99%	93%	-	-	1%	7%

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 three years commencing on the date on which the company is admitted to the Official Listing of the ASX.
Details:	During the year ended 30 June 2019, Jo was paid an annual salary of $300,000, exclusive of statutory superannuation payments. Her total remuneration package is reviewed annually by the Board, with any changes to be effective from 1 July each year. Jo 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 is 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 Jo is responsible for that outcome. The company may terminate Jo'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 Jo'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 three years commencing on the date on which the company is admitted to the Official Listing of the ASX.
Details:	The company will pay Craig an annual salary (exclusive of statutory superannuation payments) of $250,000 from 1 July 2019. His total remuneration package is reviewed annually by the Board, with any changes to be effective from 1 July each year. Craig may become entitled to an annual cash bonus and issue of options, subject to satisfying KPIs set by the Board annually. The amount and terms of any such cash bonus and issue of options is 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 Craig is responsible for that outcome. The company may terminate Craig'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 Craig'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.

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 2019.

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
17 November 2017	17 November 2017	17 November 2020	$0.20	$0.0814
17 November 2017	17 November 2018	17 November 2020	$0.25	$0.0749
17 November 2017	17 May 2019	17 November 2020	$0.30	$0.0694
24 July 2018	1 July 2019	30 June 2022	$0.50	$0.2800
24 July 2018	1 July 2020	30 June 2023	$0.50	$0.3031
24 July 2018	1 July 2021	30 June 2024	$0.50	$0.3231
26 November 2018	1 July 2019	26 November 2021	$0.50	$0.2700
26 November 2018	1 July 2020	26 November 2021	$0.50	$0.2598
26 November 2018	1 July 2021	26 November 2021	$0.50	$0.2473

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Joanne Patterson	500,000	3 Aug 2016	3 Aug 2016	3 Aug 2019	$0.25	$0.0730
Joanne Patterson	500,000	3 Aug 2016	27 Oct 2017	3 Aug 2019	$0.30	$0.0628
Joanne Patterson	500,000	3 Aug 2016	27 Oct 2018	3 Aug 2019	$0.35	$0.0546
Simon Taylor	750,000	3 Aug 2016	3 Aug 2016	3 Aug 2019	$0.20	$0.0859
Simon O'Loughlin	750,000	3 Aug 2016	3 Aug 2016	3 Aug 2019	$0.20	$0.0859
Craig Weller	500,000	3 Aug 2016	3 Aug 2016	3 Aug 2019	$0.25	$0.0730
Craig Weller	500,000	3 Aug 2016	27 Oct 2017	3 Aug 2019	$0.30	$0.0628
Craig Weller	500,000	3 Aug 2016	27 Oct 2018	3 Aug 2019	$0.35	$0.0546
Mickey Perret	300,000	17 Nov 2017	17 Nov 2017	17 Nov 2020	$0.20	$0.0814
Mickey Perret	500,000	17 Nov 2017	17 Nov 2018	17 Nov 2020	$0.25	$0.0749
Mickey Perret	200,000	17 Nov 2017	17 May 2019	17 Nov 2020	$0.30	$0.0694
George Livery	550,000	24 Jul 2018	1 Jul 2019	30 Jun 2022	$0.50	$0.2800
George Livery	750,000	24 Jul 2018	1 Jul 2020	30 Jun 2023	$0.50	$0.3031
George Livery	1,000,000	24 Jul 2018	1 Jul 2021	30 Jun 2024	$0.50	$0.3231
Stephen Thompson	550,000	26 Nov 2018	1 Jul 2019	26 Nov 2021	$0.50	$0.2700
Stephen Thompson	750,000	26 Nov 2018	1 Jul 2020	26 Nov 2021	$0.50	$0.2598
Stephen Thompson	1,000,000	26 Nov 2018	1 Jul 2021	26 Nov 2021	$0.50	$0.2473

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

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 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
Joanne Patterson	-	-	500,000	500,000
Craig Weller	-	-	500,000	500,000
Mickey Perret	-	1,000,000	700,000	300,000
George Livery	2,300,000	-	-	-
Stephen Thompson	2,300,000	-	-	-

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 2019 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 %
George Livery	699,000	-	-	63%
Stephen Thompson	593,500	-	-	65%

Additional information

The earnings of the consolidated entity for the three years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $
Revenue	1,273,391	1,129,161	352,877
Loss for the year	(7,623,571)	(3,672,105)	(3,168,615)

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

	2019	2018	2017
Loss per share (cents) for the year ended 30 June	(11.59)	(7.18)	(9.24)
Share Price at 30 June (cents)	34.00	54.00	17.50
Share Price High for year ended 30 June (cents)	66.00	72.00	31.00
Share Price Low for the year ended 30 June (cents)	22.00	9.00	16.00

Additional disclosures relating to key management personnel

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

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
George Livery	-	-	320,000	-	320,000
Joanne Patterson	5,700,000	-	100,000	-	5,800,000
Simon O'Loughlin	510,000	-	100,000	-	610,000
Simon Taylor	770,000	-	100,000	-	870,000
Stephen Thompson	-	-	325,000	-	325,000
Mickey Perret*	86,000	-	50,000	(136,000)	-
Craig Weller	5,000,000	-	-	-	5,000,000
	12,066,000	-	995,000	(136,000)	12,925,000

* Other represents Mickey Perret no longer a director and not necessarily a physical disposal of shares.

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 consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
George Livery	-	2,300,000	-	-	2,300,000
Joanne Patterson	1,500,000	-	-	-	1,500,000
Simon O'Loughlin	750,000	-	-	-	750,000
Simon Taylor	750,000	-	-	-	750,000
Stephen Thompson	-	2,300,000	-	-	2,300,000
Mickey Perret*	1,000,000	-	-	(1,000,000)	-
Craig Weller	1,500,000	-	-	-	1,500,000
	5,500,000	4,600,000	-	(1,000,000)	9,100,000

* Other represents Mickey Perret no longer a director and not necessarily a physical disposal or forfeiture of options.

Other transactions with key management personnel and their related parties
There have been no other transactions with key management personnel and their related parties during the financial year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of BOD Australia Limited 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
17 November 2017	17 November 2020	$0.20	300,000
17 November 2017	17 November 2020	$0.25	500,000
17 November 2017	17 November 2020	$0.30	200,000
27 December 2017	27 December 2019	$0.40	750,000
27 December 2017	27 December 2019	$0.48	750,000
24 July 2018	30 June 2022	$0.50	550,000
24 July 2018	30 June 2023	$0.50	750,000
24 July 2018	30 June 2024	$0.50	1,000,000
26 November 2018	26 November 2021	$0.50	550,000
26 November 2018	26 November 2021	$0.50	750,000
26 November 2018	26 November 2021	$0.50	1,000,000
26 November 2018	*	$0.55	798,373
26 November 2018	*	$0.65	798,373
26 November 2018	*	$0.75	798,374
			18,346,720

* These options do not have a fixed expiry date and will expire 3 years after vesting date which is determined by reference to the achievement of specified VWAP conditions.

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 BOD Australia Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

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

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners/directors of Nexia Sydney Audit Pty Ltd
There are no officers of the company who are former partners/directors of Nexia Sydney Audit 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
Nexia Sydney Audit 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 and Chief Executive Officer

30 August 2019
Sydney

To the Board of Directors of Bod Australia Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Bod Australia Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Date: 30 August 2019

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General information

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2019. The directors have the power to amend and reissue the financial statements.

	Note	Consolidated 2019 $	2018 $
Revenue	4	1,273,391	1,129,161
Interest revenue calculated using the effective interest method		70,959	41,045
Expenses			
Raw materials and consumables used		(529,873)	(482,061)
Research and development expense		(1,760,784)	(1,067,221)
Employee/director benefits expense		(2,867,080)	(946,266)
Depreciation and amortisation expense	5	(63,096)	(29,886)
Impairment of inventories		(608,380)	(132,000)
Expected credit loss expense		-	(68,033)
Marketing expense		(2,022,172)	(1,084,446)
Other expenses		(1,116,536)	(1,032,398)
Loss before income tax expense		(7,623,571)	(3,672,105)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of BOD Australia Limited		(7,623,571)	(3,672,105)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(5,125)	-
Other comprehensive income for the year, net of tax		(5,125)	-
Total comprehensive income for the year attributable to the owners of BOD Australia Limited		(7,628,696)	(3,672,105)
		Cents	**Cents**
Basic earnings per share	26	(11.59)	(7.18)
Diluted earnings per share	26	(11.59)	(7.18)

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

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	2,843,797	3,115,414
Trade and other receivables	8	82,597	168,244
Inventories	9	363,723	465,133
Other	10	92,513	38,762
Total current assets		3,382,630	3,787,553
Non-current assets			
Property, plant and equipment	11	52,431	42,548
Intangibles	12	56,612	-
Total non-current assets		109,043	42,548
Total assets		3,491,673	3,830,101
Liabilities			
Current liabilities			
Trade and other payables	13	1,199,466	1,150,425
Employee benefits		57,124	60,957
Refund liabilities		168,542	-
Total current liabilities		1,425,132	1,211,382
Total liabilities		1,425,132	1,211,382
Net assets		2,066,541	2,618,719
Equity			
Issued capital	14	14,665,696	9,001,814
Reserves	15	2,239,856	832,345
Accumulated losses		(14,839,011)	(7,215,440)
Total equity		2,066,541	2,618,719

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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	5,955,180	589,008	(3,543,335)	3,000,853
Loss after income tax expense for the year	-	-	(3,672,105)	(3,672,105)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,672,105)	(3,672,105)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	3,014,594	-	-	3,014,594
Share-based payments (notes 15 and 27)	-	275,377	-	275,377
Transfer from option reserve to share capital	32,040	(32,040)	-	-
Balance at 30 June 2018	9,001,814	832,345	(7,215,440)	2,618,719

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	9,001,814	832,345	(7,215,440)	2,618,719
Loss after income tax expense for the year	-	-	(7,623,571)	(7,623,571)
Other comprehensive income for the year, net of tax	-	(5,125)	-	(5,125)
Total comprehensive income for the year	-	(5,125)	(7,623,571)	(7,628,696)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	5,663,882	-	-	5,663,882
Share-based payments (notes 15 and 27)	-	1,412,636	-	1,412,636
Balance at 30 June 2019	14,665,696	2,239,856	(14,839,011)	2,066,541

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

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,179,961	806,584
Payments to suppliers and employees (inclusive of GST)		(8,187,234)	(4,085,450)
Interest received		70,959	41,045
Research and development incentive received		453,170	276,098
Net cash used in operating activities	25	(6,483,144)	(2,961,723)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(63,590)	(46,787)
Payments for intangibles	12	(69,621)	-
Payments for security deposits		(6,422)	-
Proceeds from disposal of property, plant and equipment		3,620	-
Net cash used in investing activities		(136,013)	(46,787)
Cash flows from financing activities			
Proceeds from issue of shares	14	6,810,500	3,310,000
Share issue transaction costs		(462,960)	(220,285)
Net cash from financing activities		6,347,540	3,089,715
Net (decrease)/increase in cash and cash equivalents		(271,617)	81,205
Cash and cash equivalents at the beginning of the financial year		3,115,414	3,034,209
Cash and cash equivalents at the end of the financial year	7	2,843,797	3,115,414

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

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

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

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

AASB 9 Financial Instruments
The consolidated entity adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers
The consolidated entity adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
The impact on the change in Accounting Standards AASB 9 and AASB 15 for the year ended 30 June 2019 and the comparative year was immaterial.

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.

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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 show the consolidated entity incurred a net loss of $7,623,571 (2018: $3,672,105) and net cash outflows from operating activities of $6,483,144 (2018: $2,961,723) during the year ended 30 June 2019. The consolidated entity's ability to continue as a going concern is contingent upon generation of cashflow from its business and/or successfully raising additional capital. As is disclosed in note 28, subsequent to year end, the company was able to secure $5,500,000 of capital and $1,500,000 of license fee to assist the consolidated entity continue its research and development initiatives in the next year. It has also raised $1,199,970 from the exercise of options subsequent to year end. As such, the directors have prepared the financial report on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of the subsidiary of BOD Australia Limited ('company' or 'parent entity') as at 30 June 2019 and the results of its subsidiary for the year then ended. BOD Australia Limited and its subsidiary together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

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.

Foreign currency translation
The financial statements are presented in Australian dollars, which is BOD Australia Limited's functional and presentation currency.

Note 1. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

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

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

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

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.

Note 1. Significant accounting policies (continued)

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 consolidated entity'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 consolidated entity'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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

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

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

Note 1. Significant accounting policies (continued)

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.

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

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

Plant and equipment	1-3 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 3 years.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

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

Refund liabilities
Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

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.

Note 1. Significant accounting policies (continued)

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the trinomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees 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.

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

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.

Note 1. Significant accounting policies (continued)

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.

Comparatives
Certain comparatives have been reclassified for consistency with the current period presentation. There was no effect on profit or loss, assets, liabilities or equity.

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 consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019.

At the reporting date the consolidated entity has non-cancellable operating lease commitments of $87,903 which expire within 12 months and can continue to be accounted for as operating leases using the transitional provisions. Therefore the impact of AASB 16 on transition is minimal.

Note 1. Significant accounting policies (continued)

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the consolidated entity has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the consolidated entity may need to revisit such policies.

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 consolidated entity 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 the trinomial option pricing model taking into account the terms and conditions upon which the instruments were granted. Specific to the options issued including vesting period, exercise price, term to expiry. The volume weighted average price ('VWAP') performance conditions were incorporated into the valuation, where relevant, by means of probabilistic modelling techniques such as Monte Carlo simulations. 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.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The consolidated entity 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 consolidated entity 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 consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity'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 consolidated entity is organised into three operating segments: medical, over the counter cannabidiol/Hemp ('OTC CBD/Hemp') and OTC Herbals. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The consolidated entity's operations and assets are principally located in Australia.

The CODM reviews the performance of the consolidated entity by reviewing the growth in sales revenue and the profit or loss for the period. 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.

Major customers
There are three customers (2018: none) that account for more than 10% of the consolidated entity's revenue. The total amount of revenues from these customers was $456,289 (split $208,417, $131,289 and $116,583 respectively) and were from the OTC Herbals segment.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2019	Medical $	OTC CBD/Hemp $	OTC Herbals $	Total $
Revenue				
Sales to external customers	19,671	-	800,550	820,221
Other revenue	339,877	113,293	-	453,170
Interest revenue	32,960	151	37,848	70,959
Total revenue	392,508	113,444	838,398	1,344,350
Segment result	(2,137,511)	(841,977)	(3,972,607)	(6,952,095)
Depreciation and amortisation	(16,077)	(15,363)	(31,656)	(63,096)
Impairment of assets	-	-	(608,380)	(608,380)
Loss before income tax expense	(2,153,588)	(857,340)	(4,612,643)	(7,623,571)
Income tax expense				-
Loss after income tax expense				(7,623,571)
Assets				
Segment assets	1,621,863	7,454	1,862,356	3,491,673
Total assets				3,491,673
Liabilities				
Segment liabilities	479,459	41,393	904,280	1,425,132
Total liabilities				1,425,132

Consolidated - 2018	Medical $	OTC CBD/Hemp $	OTC Herbals $	Total $
Revenue				
Sales to external customers	-	-	852,783	852,783
Other revenue	-	-	276,378	276,378
Interest received	-	-	41,045	41,045
Total revenue	-	-	1,170,206	1,170,206
Segment result	(1,130,256)	-	(2,379,963)	(3,510,219)
Depreciation and amortisation	-	-	(29,886)	(29,886)
Impairment of assets	-	-	(132,000)	(132,000)
Loss before income tax expense	(1,130,256)	-	(2,541,849)	(3,672,105)
Income tax expense				-
Loss after income tax expense				(3,672,105)
Assets				
Segment assets	-	-	3,830,101	3,830,101
Total assets				3,830,101
Liabilities				
Segment liabilities	282,900	-	928,482	1,211,382
Total liabilities				1,211,382

Note 4. Revenue

	Consolidated 2019 $	Consolidated 2018 $
Revenue from contracts with customers		
Sale of goods	820,221	852,783
Other revenue		
Research and development incentive	453,170	276,378
Revenue	1,273,391	1,129,161

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2019 $	Consolidated 2018 $
Major product lines		
OTC Herbals	800,550	852,783
Medical	19,671	-
	820,221	852,783
Geographical regions		
Australia	820,221	852,783
Timing of revenue recognition		
Goods transferred at a point in time	820,221	852,783

Note 5. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	50,087	29,886
Amortisation		
Patents and trademarks	13,009	-
Total depreciation and amortisation	63,096	29,886
Superannuation expense		
Defined contribution superannuation expense	154,732	101,260
Share-based payments expense		
Share-based payments expense	669,578	202,148
Operating lease rentals	98,476	45,955

Note 6. Income tax expense

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(7,623,571)	(3,672,105)
Tax at the statutory tax rate of 27.5%	(2,096,482)	(1,009,829)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	184,134	55,591
Research and development incentive	(124,622)	(75,997)
Research and development expenses	484,216	293,486
Provision for stock obsolescence	167,305	-
Provision for trading terms	65,321	-
	(1,320,128)	(736,749)
Current year tax losses not recognised	1,320,128	736,749
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	9,763,938	4,663,231
Potential tax benefit @ 27.5%	2,685,083	1,282,389

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

Note 7. Current assets - cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash at bank and cash on hand	1,843,797	3,005,414
Cash on deposit	1,000,000	110,000
	2,843,797	3,115,414

Note 8. Current assets - trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Trade receivables	82,597	74,269
GST receivable	-	93,975
	82,597	168,244

Note 9. Current assets - inventories

	Consolidated 2019 $	2018 $
Finished goods - at cost	1,059,908	599,163
Less: Provision for impairment	(696,185)	(134,030)
	363,723	465,133

Note 10. Current assets - other

	Consolidated 2019 $	2018 $
Prepayments	70,152	22,823
Security deposits	22,361	15,939
	92,513	38,762

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

	Consolidated 2019 $	2018 $
Plant and equipment - at cost	153,956	93,986
Less: Accumulated depreciation	(101,525)	(51,438)
	52,431	42,548

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

Consolidated	Plant and equipment $
Balance at 1 July 2017	25,647
Additions	46,787
Depreciation expense	(29,886)
Balance at 30 June 2018	42,548
Additions	63,590
Disposals	(3,620)
Depreciation expense	(50,087)
Balance at 30 June 2019	52,431

Note 12. Non-current assets - intangibles

	Consolidated 2019 $	2018 $
Patents and trademarks - at cost	69,621	-
Less: Accumulated amortisation	(13,009)	-
	56,612	-

Reconciliations

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

Consolidated	Patents and trademarks $
Balance at 1 July 2017	-
Balance at 30 June 2018	-
Additions	69,621
Amortisation expense	(13,009)
Balance at 30 June 2019	56,612

Note 13. Current liabilities - trade and other payables

	Consolidated 2019 $	2018 $
Trade payables	834,949	1,007,735
GST payable	14,425	-
Other payables	350,092	142,690
	1,199,466	1,150,425

Refer to note 17 for further information on financial instruments.

Note 14. Equity - issued capital

	Consolidated 2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	69,390,000	56,432,000	14,665,696	9,001,814

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	46,032,000		5,955,180
Shares issued	27 December 2017	10,000,000	$0.32	3,200,000
Option exercised	24 May 2018	400,000	$0.28	110,000
Transfer from option reserve for option exercised		-	$0.00	32,040
Less: share issue costs		-	$0.00	(295,406)
Balance	30 June 2018	56,432,000		9,001,814
Shares issued	8 October 2018	12,000,000	$0.53	6,360,000
Shares issued for advisory services	8 October 2018	108,000	$0.55	59,400
Shares issued	27 November 2018	850,000	$0.53	450,500
Less: share issue costs		-	$0.00	(462,960)
Less: share-based payments capitalised as transaction costs		-	$0.00	(743,058)
Balance	30 June 2019	69,390,000		14,665,696

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 consolidated entity'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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2018 Annual Report.

Note 15. Equity - reserves

	Consolidated 2019 $	2018 $
Foreign currency reserve	(5,125)	-
Share-based payments reserve	2,244,981	832,345
	2,239,856	832,345

Note 15. Equity - reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

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.

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

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2017	-	589,008	589,008
Share-based payment expense	-	275,377	275,377
Options exercised during the year	-	(32,040)	(32,040)
Balance at 30 June 2018	-	832,345	832,345
Foreign currency translation	(5,125)	-	(5,125)
Share-based payment expense	-	669,578	669,578
Share-based payments capitalised as transaction costs in equity	-	743,058	743,058
Balance at 30 June 2019	(5,125)	2,244,981	2,239,856

Note 16. Equity - dividends

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

Note 17. Financial instruments

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

The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity 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.

Note 17. Financial instruments (continued)

The consolidated entity operated mainly in Australia and is exposed to foreign currency exchange rate risk arising from foreign currency exposures to the Swiss Franc.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2019 $**	**2018 $**	**2019 $**	**2018 $**
Swiss francs	118,332	-	134,024	-

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity has limited exposure to interest rate risk as there are no external loans. The consolidated entity has term deposits but as the interest rates are fixed during a term deposit period, there is 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 consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

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

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

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

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

Note 17. Financial instruments (continued)

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

Consolidated - 2019	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						
Trade payables	-	834,949	-	-	-	834,949
Other payables	-	364,517	-	-	-	364,517
Total non-derivatives		1,199,466	-	-	-	1,199,466

Consolidated - 2018	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						
Trade payables	-	1,007,735	-	-	-	1,007,735
Other payables	-	142,690	-	-	-	142,690
Total non-derivatives		1,150,425	-	-	-	1,150,425

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

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

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company, and unrelated firms:

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Nexia Sydney Audit Pty Ltd		
Audit or review of the financial statements	47,864	25,000
Audit services - HLB Mann Judd Audit (SA) Pty Ltd		
Audit or review of the financial statements	-	40,000
Other services - HLB Mann Judd Audit (SA) Pty Ltd		
Other	1,556	5,932
	1,556	45,932

Note 19. Contingent assets and liabilities

There were no contingent assets or contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 20. Commitments

	Consolidated	
	2019 $	2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	87,903	45,955
Other commitments - operating		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	-	142,880
Total commitment	-	142,880
Less: Future finance charges	-	-
Net commitment recognised as liabilities	-	142,880

The operating lease commitments relate to non-cancellable premises leases expiring within 8 months.

Note 21. Key management personnel disclosures

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

	Consolidated	
	2019 $	2018 $
Short-term employee benefits	726,454	592,500
Post-employment benefits	67,806	56,287
Share-based payments	669,578	94,285
	1,463,838	743,072

Note 22. Related party transactions

Parent entity
BOD Australia Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the directors' report.

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

Note 22. Related party transactions (continued)

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

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

Note 23. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2019 $	Parent 2018 $
Loss after income tax	(7,344,775)	(3,672,105)
Total comprehensive income	(7,344,775)	(3,672,105)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	3,464,297	3,787,553
Total assets	3,643,790	3,830,101
Total current liabilities	1,293,328	1,211,382
Total liabilities	1,293,328	1,211,382
Equity		
Issued capital	14,665,696	9,001,814
Share-based payments reserve	2,244,981	832,345
Accumulated losses	(14,560,215)	(7,215,440)
Total equity	2,350,462	2,618,719

Guarantees entered into by the parent entity in relation to the debts of its subsidiary
The parent entity had no guarantees in relation to the debts of its subsidiary as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the investment in subsidiary that is accounted for at cost, less any impairment, in the parent entity.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
BOD SAGL - Lugano *	Switzerland	100%	-

* Incorporated on 17 April 2019

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax expense for the year	(7,623,571)	(3,672,105)
Adjustments for:		
Depreciation and amortisation	63,096	29,886
Share-based payments	669,578	202,148
Foreign exchange differences	(5,125)	-
Shares issued for advisory services	59,400	-
Write off of inventories	608,380	132,000
Write off of financial assets	-	68,033
Others	-	130
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	85,647	(114,669)
Increase in inventories	(506,970)	(237,235)
Decrease/(increase) in prepayments	(47,329)	25,428
Increase in trade and other payables	49,041	571,869
Increase/(decrease) in other provisions	(3,833)	32,792
Increase in refund liabilities	168,542	-
Net cash used in operating activities	(6,483,144)	(2,961,723)

Note 26. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of BOD Australia Limited	(7,623,571)	(3,672,105)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	65,758,926	51,141,041
Weighted average number of ordinary shares used in calculating diluted earnings per share	65,758,926	51,141,041

Note 26. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(11.59)	(7.18)
Diluted earnings per share	(11.59)	(7.18)

As at the reporting date, the consolidated entity had 18,346,720 (2018: 11,351,600) options over ordinary shares (including escrowed and future vesting) and in the money that could potentially dilute basic earnings per share in the future, but were excluded from the calculation of diluted earnings per share because they were anti-dilutive.

Note 27. Share-based payments

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

2019

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
22/01/2016	22/01/2016	$0.30	750,000	-	-	-	750,000
22/01/2016	22/01/2016	$0.35	750,000	-	-	-	750,000
03/08/2016	03/08/2019	$0.20	1,500,000	-	-	-	1,500,000
03/08/2016	03/08/2019	$0.25	1,000,000	-	-	-	1,000,000
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
27/10/2016	27/10/2019	$0.20	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
17/11/2017	17/11/2020	$0.20	300,000	-	-	-	300,000
17/11/2017	17/11/2020	$0.25	500,000	-	-	-	500,000
17/11/2017	17/11/2020	$0.30	200,000	-	-	-	200,000
27/12/2017	27/12/2019	$0.40	750,000	-	-	-	750,000
27/12/2017	27/12/2019	$0.48	750,000	-	-	-	750,000
24/07/2018	30/06/2022	$0.50	-	550,000	-	-	550,000
24/07/2018	30/06/2023	$0.50	-	750,000	-	-	750,000
24/07/2018	30/06/2024	$0.50	-	1,000,000	-	-	1,000,000
26/11/2018	26/11/2021	$0.50	-	550,000	-	-	550,000
26/11/2018	26/11/2021	$0.50	-	750,000	-	-	750,000
26/11/2018	26/11/2021	$0.50	-	1,000,000	-	-	1,000,000
26/11/2018	*	$0.55	-	798,373	-	-	798,373
26/11/2018	*	$0.65	-	798,373	-	-	798,373
26/11/2018	*	$0.75	-	798,374	-	-	798,374
			11,351,600	6,995,120	-	-	18,346,720
Weighted average exercise price			$0.28	$0.55	$0.00	$0.00	$0.38

* These options do not have a fixed expiry date and will expire 3 years after vesting date which is determined by reference to the achievement of specified VWAP conditions.

Note 27. Share-based payments (continued)

2018

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
22/01/2016	22/01/2019	$0.30	750,000	-	-	-	750,000
22/01/2016	22/01/2019	$0.35	750,000	-	-	-	750,000
03/08/2016	03/08/2019	$0.20	1,500,000	-	-	-	1,500,000
03/08/2016	03/08/2019	$0.25	1,000,000	-	-	-	1,000,000
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
27/10/2016	27/10/2019	$0.20	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)	-	-
16/03/2017	16/03/2020	$0.30	200,000	-	(200,000)	-	-
16/03/2017	16/03/2020	$0.35	200,000	-	-	(200,000)	-
17/11/2017	17/11/2020	$0.20	-	300,000	-	-	300,000
17/11/2017	17/11/2020	$0.25	-	500,000	-	-	500,000
17/11/2017	17/11/2020	$0.30	-	200,000	-	-	200,000
27/12/2017	27/12/2019	$0.40	-	750,000	-	-	750,000
27/12/2017	27/12/2019	$0.48	-	750,000	-	-	750,000
			9,451,600	2,500,000	(400,000)	(200,000)	11,351,600
Weighted average exercise price			$0.26	$0.36	$0.28	$0.35	$0.28

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2019 Number	2018 Number
03/08/2016	03/08/2019	4,500,000	3,500,000
21/10/2016	27/10/2019	2,851,600	2,851,600
22/12/2016	22/12/2019	1,500,000	1,500,000
17/11/2017	17/11/2020	1,000,000	300,000
27/12/2017	27/12/2019	1,500,000	-
		11,351,600	8,151,600

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.67 years (2018: 1.37 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/07/2018	30/06/2022	$0.52	$0.50	70.00%	-	2.20%	$0.2800
24/07/2018	30/06/2023	$0.52	$0.50	70.00%	-	2.20%	$0.3031
24/07/2018	30/06/2024	$0.52	$0.50	70.00%	-	2.20%	$0.3231
26/11/2018	26/11/2021	$0.53	$0.50	74.00%	-	2.28%	$0.2700
26/11/2018	26/11/2021	$0.53	$0.50	74.00%	-	2.28%	$0.2598
26/11/2018	26/11/2021	$0.53	$0.50	74.00%	-	2.28%	$0.2473
26/11/2018	*	$0.53	$0.55	75.00%	-	2.28%	$0.3326
26/11/2018	*	$0.53	$0.65	75.00%	-	2.28%	$0.3070
26/11/2018	*	$0.53	$0.75	75.00%	-	2.28%	$0.2901

Note 27. Share-based payments (continued)

* These options do not have a fixed expiry date and will expire 3 years after vesting date which is determined by reference to the achievement of specified VWAP conditions.

Note 28. Events after the reporting period

Since the reporting date, the company secured an investment from NewH², the innovation arm of Hong Kong Stock Exchange listed Health and Happiness Group Limited (H&H Group, HKSE: 1112) and entered into an exclusive global agreement to commercialise its Cannabidiol ('CBD') products for relevant markets.

Under the agreement, NewH² have taken a 17.64% stake in the company for an investment of $5,500,000. The agreement includes a $1,500,000 upfront cash payment for the exclusivity, which will be used for research and development and product development initiatives in regards to CBD and hemp products.

The company also raised $1,199,970 from the exercise of options subsequent to year end.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 consolidated entity's financial position as at 30 June 2019 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 and Chief Executive Officer

30 August 2019
Sydney

Nexia Australia

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 and its subsidiary (the Group)), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Share-based payments Refer to Notes 15 and Note 27 The carrying value of the Group's share based payments reserve at 30 June 2019 is $2,244,981.	Our procedures included, amongst others: ▪ Agreed the terms and conditions of the options issued during the financial year, including grant date, exercise price, vesting conditions and expiry to supporting documentation. ▪ Obtained the Company's options valuations and assessed the reasonableness of using trinomial

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Key audit matter	How our audit addressed the key audit matter
The Company provides benefits to officers, employees and suppliers in the form of share-based payment transactions, whereby they rendered services and received rights over shares. These share-based payment transactions are classified by the Company as equity settled. The company used an external expert to value the options. We consider the share-based payments as a key audit matter due to: ▪ The level of estimation and judgement required in the application of the appropriate valuation model and the key inputs and assumptions in determining the value of the share based payments.	option pricing models to value the options and assessed the key inputs (including volatility) and assumptions used. ▪ Assessed the treatment of the vesting conditions in relation to the amounts recorded for the share based payments during the year including the probabilities applied to performance and market based conditions. ▪ Checked the accuracy of the calculation of the amounts recognised as increments to the share based payments reserve and corresponding expenses or share capital issue costs. ▪ Assessed the appropriateness of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in Bod Australia Limited's Directors' report for the year ended 30 June 2019, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date. The other information 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 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Directors' responsibility 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 13 of the directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Bod Australia Limited for the year ended 30 June 2019, 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.

Nexia

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Dated: 30 August 2019
Sydney