BioDiem

BioDiem Ltd | ABN 20 096 845 993

Annual Report 30 June 2021

DEVELOPING COMMERCIAL OUTCOMES

Who We Are

BioDiem is an Australian biopharmaceutical company that is focused on developing and commercialising vaccines and infectious disease therapies. BioDiem's business model is to generate income from partnerships including with other vaccine and infectious disease treatment companies through existing and new licences to its LAIV vaccine technology. Income comes from licence fees and royalties on sales.

BioDiem's lead technology is the LAIV (Live Attenuated Influenza Virus) vaccine technology used for production of seasonal and pandemic influenza vaccines and is given intranasally. This technology is commercialized through partners, in India and China, and is licenced to the World Health Organisation as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply. Serum Institute of India's Nasovac-S™ is marketed in India. Changchun BCHT Biotechnology Co (BCHT)'s, Influenza Vaccine, Live, Nasal, Freeze-dried, is marketed in China. BioDiem's subsidiary, Opal Biosciences Ltd is exploring diversification into pharmaceutical development and manufacture.

An Australian biopharmaceutical company that is focused on developing and commercialising vaccines and infectious disease therapies

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"10 year effort on flu vaccine shows progress but pandemic influenza remains a global threat"

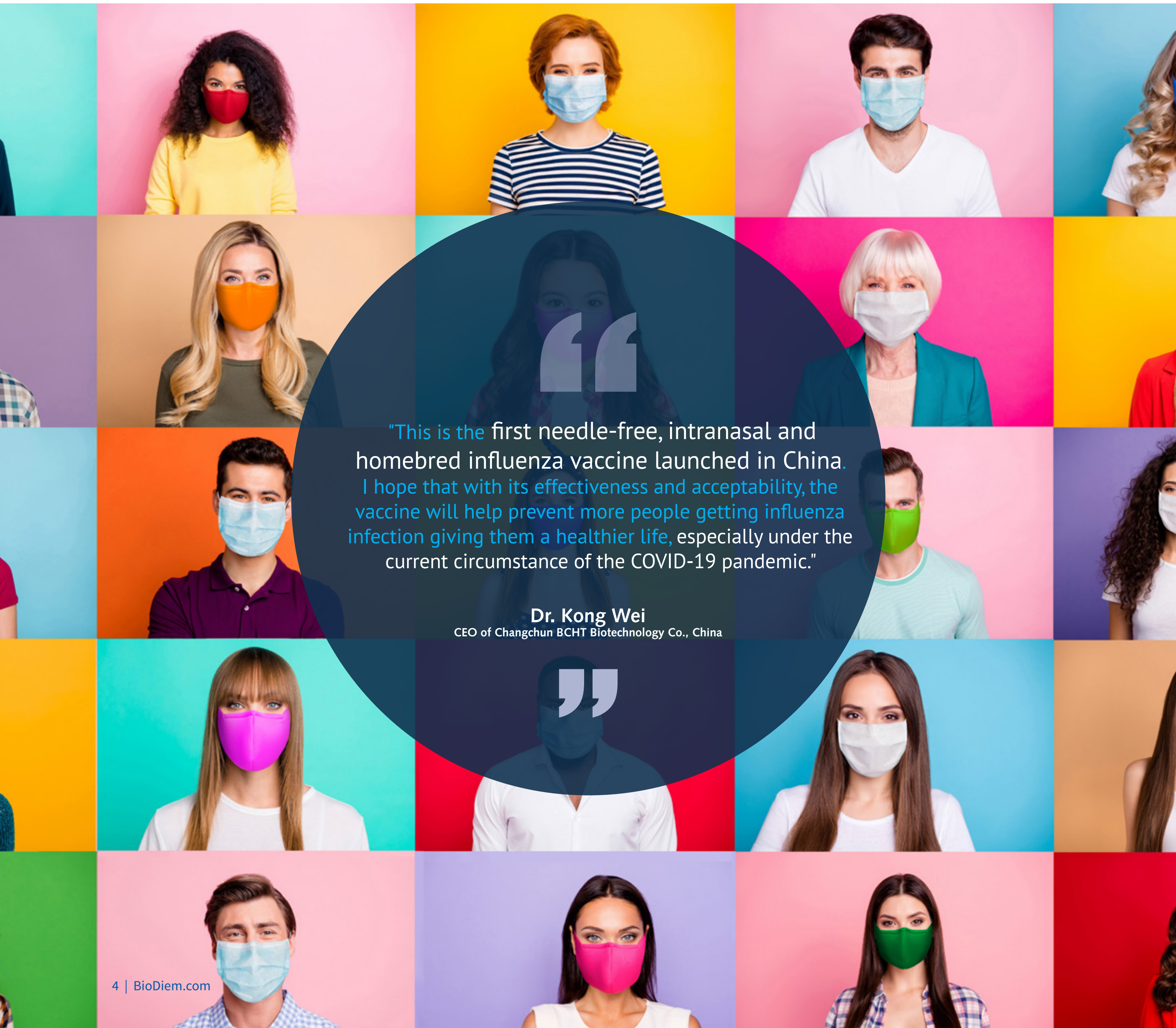
World Health Organisation

Reference: http://www.who.int/influenza_vaccines_plan/news/gap3_Nov16/en/

www.cdc.gov/flu/pdf/freeresources/seasonal-flu-vs-pandemic-flu-update.pdf

BioDiem Pipeline

Products	Research	Preclinical	Phase I	Phase II	Phase III	Marketed
Influenza Seasonal (Serum Institute of India)	→	→	→	→	→	★
Influenza Seasonal (Changchun BCHT Biotechnology Co, China)	→	→	→	→	→	★



"This is the first needle-free, intranasal and homebred influenza vaccine launched in China. I hope that with its effectiveness and acceptability, the vaccine will help prevent more people getting influenza infection giving them a healthier life, especially under the current circumstance of the COVID-19 pandemic."

Dr. Kong Wei
CEO of Changchun BCHT Biotechnology Co., China

Chairman's letter

Fellow Shareholders,

It is my great pleasure to advise of our progress over the past year in revenue growth for the company. This past financial year we saw revenue of $736,003 (before withholding tax) from milestone payments and royalties from our LAIV licences. This compares very favourably to revenue of $122,617 in FY20. Despite the COVID-19 pandemic and its impact on supply chains and operations around the world, we have been pleased with the great successes of our Chinese licencee Changchun BCHT Biotechnology Company (BCHT).

Following its approval by the Chinese FDA, BCHT launched its LAIV influenza vaccine, "Influenza Vaccine, Live, Nasal, Freeze-Dried" in China in August 2020. BCHT holds an exclusive licence from BioDiem for the vaccine technology based on the live attenuated influenza virus (LAIV). BCHT also hit a milestone by listing on the Shanghai Stock Exchange Science and Technology Innovation Board, or STAR Market. This is a significant milestone in the history of BCHT which was established in 2004.

Of relevance to our subsidiary, Opal Biosciences Ltd (Opal) it became clear to the Australian general public that Australia needed to review its sovereign manufacturing capabilities. This was due to the significant critical medicines shortages we faced and the realisation about how reliant we are on CSL for vaccine manufacture here.

Opal's board reviewed its strategy at the commencement of 2021, balancing a number of options: pursuing its antimicrobial development agenda with BDM-I, investigating additional new antifungal programs and lastly, opportunities presenting in pharmaceutical manufacturing. Opal opted for a change of focus to manufacturing.

Firstly, Opal recognised significant development hurdles with BDM-I. These hurdles would require additional capital and an approach to shareholders for this could not be justified since even if BDM-I were to be a successful in development, there are a lack of current commercial exits and new (non-viral) antimicrobial treatment sales are poor.

Secondly Opal looked at new antifungal therapeutic projects backed by world class researchers, however a satisfactory licencing arrangement with the relevant university could not be agreed and for early stage programs investment interest was lacking.

Opal looked at manufacturing opportunities, firstly with Formulytica Pty Ltd, a specialist formulation organisation with whom Opal had worked for many years, and secondly as a natural extension to this, a chance to acquire an interest in manufacturing space on the GSK Boronia pharmaceutical manufacturing site. The site was for sale and could become available in 2022/2023. These were explored in parallel.

An Information Memorandum and capital raising to acquire Formulytica were announced in May. This was subsequently withdrawn because events with the Boronia plan overtook it. All funds raised were returned to applicants.

Subsequent to year end a $250,000 placement of shares in Opal was made with the funds to be used to develop a business case for Opal's use of part of the GSK Boronia site. Due to the higher risk investment for the placement, the shareholders in the placement received shares and a free attaching option at 7.5c per share. BioDiem participated in the placement and remains Opal's largest shareholder. Opal continues to share resources with BioDiem attracting a management fee from Opal.

The vision for Opal is to become a pharmaceutical development and manufacturing business. It is an exciting prospect to convert Opal into a revenue generating business. Work will evolve on this over the coming weeks and months.

After year-end there were changes to the board with our dear colleague Professor Arthur Kwok Cheung Li announcing his retirement. Professor Li has been a valuable contributor to the board over many years in particular playing a key role in the negotiation and finalisation of BioDiem's LAIV licence to BCHT. The BioDiem board expresses its gratitude for Professor Li's generous and significant participation.

We also extend a warm welcome to our new Biodiem director, Mr Fergus Mak. Mr Mak is a professional financial analyst. He holds a BSc in Economics from the University of Warwick and an MSc in Project Analysis, Finance & Investment from the University of York. He has been with The Bank of East Asia, Limited for over 30 years, and has served across a number of functional areas including business development, trust, legal, mergers and acquisitions, and capital management. Mr Mak will be invaluable to us.

In closing I would like to thank Professor Larisa Rudenko and her team of scientists in St Petersburg who continue to play such a key role in the LAIV program. I would thank our CEO and her team for their energy and careful financial management to have us in this stronger position and for their efforts driving the vision for Opal's transition to a revenue-generating business.

Yours faithfully,

Hugh Morgan
Chairman

CEO's letter

Fellow Shareholders,

This past financial year saw positive changes in both BioDiem and also its subsidiary, Opal Biosciences Ltd (Opal).

BCHT's success in the launch of their flu vaccine, based on BioDiem's technology, is impressive especially when viewed in light of the difficult environment of the COVID-19 pandemic. The launch triggered higher annual milestone payments to BioDiem and we also receive royalties on sales.

Serum Institute of India's new product continues to be delayed by the current pandemic and sales of the current product continue to be low. The coming year should see advances in the approval of their new product which is anticipated to be more acceptable to the market. As the year progresses we plan to model sales forecasts to assist value the company appropriately.

In Opal there has been an enormous amount of activity. The development hurdles with BDM-I and the lack of commercial attractiveness of the antimicrobials (non-viral) market meant that the strategy of the company underwent review towards manufacturing.

Opal initiated the acquisition of Formulytica Pty Ltd, a specialist formulation organisation. A capital raising for this sole purpose was commenced. In parallel Opal pursued an unexpected opportunity to acquire an interest in manufacturing space on the GSK Boronia (Vic) pharmaceutical manufacturing site which was for sale. There was opportunity for the whole site to be repurposed as a life sciences precinct. While is a very bold initiative, if successful, it would transform Opal with consequent benefit to BioDiem.

The capital raising for Opal to acquire Formulytica which was announced in May 2021 was subsequently withdrawn because progress with the Boronia site plan overtook it. All funds were returned to applicants.

Through the year Opal has been lobbying all levels of government about the need to retain the Boronia site and has been raising awareness of the risk of its potential loss and loss of its large highly skilled workforce, and the enormous opportunity to grow a new life sciences manufacturing precinct. The pandemic has shown we need more onshore manufacturing capability.

Opal engaged with many companies in the life sciences sector who also saw the need and opportunity for the site and some were interested to take part of the precinct as tenants. Opal remains hopeful that the precinct will eventuate with government support and subsequent to year end Opal raised $250,000 to develop a business case for Opal's use of part of the site.

In closing I extend many thanks to the board and shareholders for their support and thank each for their important contributions to the company's success. I also can advise we are investigating an improvement to our share trading platform to assist shareholders with their transactions.

Yours faithfully,

Julie Phillips
CEO

"Influenza vaccination can **reduce the risk of illness caused by influenza virus infection by about 40–60%** among the general population, while the vaccination coverage in the Chinese population was only approximately 2%."

Li, J., Chen, Y., Wang, X. *et al*. Influenza-associated disease burden in mainland China: a systematic review and meta-analysis. Sci Rep 11, 2886 (2021). https://doi.org/10.1038/s41598-021-82161-z

Review of operations

BioDiem owns

- **an influenza vaccine licensing business:**
  - this is based on BioDiem's proprietary live attenuated influenza virus (LAIV) technology.
- **a majority shareholding in Opal Biosciences Ltd:**
  - exploring diversification from infectious disease focus into other biotechnology and pharmaceutical commercial opportunities including manufacturing.

Influenza Vaccine Licensing Business

BioDiem's LAIV Vaccine business involves licensing our platform influenza vaccine technology to vaccine manufacturers for the production of intranasal vaccines for the prevention of seasonal and pandemic influenza. BioDiem receives payment from licence fees and royalties on sales.

BioDiem currently has two commercial partners:

- Serum Institute of India (Pune, India), and
- Changchun BCHT Biotechnology Co. (BCHT) (Jilin, China).

Our LAIV vaccine technology is also licensed to the World Health Organization (WHO) as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply.

Significant developments during the past year include:

- Royalty and milestone income from licence fees and sales of BCHT's "Influenza Vaccine, Live, Nasal, Freeze-Dried" in China and Serum Institute of India's Nasovac-S in India totalling $736,003 (up from $122,617 in the previous year).
- Nasovac-S is a seasonal influenza vaccine manufactured by Serum Institute of India based on BioDiem's LAIV (live attenuated influenza virus) vaccine technology. BioDiem receives royalties from sales of this product into the private market in India. The COVID-19 pandemic influenced operations in BioDiem during the year including Seumn Institute of India's significant efforts in manufacture of COVID-19 vaccines for the domestic and international market. Sales of Nasovac-S continue to be weak in India.
- BCHT launched its LAIV influenza vaccine, "Influenza Vaccine, Live, Nasal, Freeze-Dried" in China in August 2020. BCHT holds an exclusive licence from BioDiem for the vaccine technology based on the live attenuated influenza virus (LAIV). BCHT's licence covers the private sector market in China for pandemic and seasonal influenza vaccines made using an egg-based production method.
- BCHT holds a complementary licence to the LAIV for the public market in China via a sublicence from the World Health Organisation. In addition to annual milestone fees BioDiem received its first royalty payments from the sale of BCHT's influenza vaccine product in the China private sector market.
- On 25 June 2021 BCHT listed on the Shanghai Stock Exchange Science and Technology Innovation Board, or STAR Market. This is a significant milestone in the history of the company which was established in 2004.

BioDiem subsidiary: Opal Biosciences Ltd ("Opal")

The 2020-2021 year saw significant change in the emphasis of the Opal towards the opportunities in manufacturing in Australia.

The COVID-19 pandemic aggravated the supply chain problems already faced by small Australian life sciences companies and raised the awareness for more capability to develop and manufacture medicines and vaccines on our shores.

During the year work progressed on BDM-I development however the solubility restrictions of the molecule delayed progress. While there is still a high unmet need for new infection treatments, the commercial model is unattractive and capital raising for such a portfolio is challenging.

Manufacturing Opportunity

In February 2021 the large GSK-owned Victorian manufacturing plant at Boronia was listed for sale. Opal lodged an Expression of Interest (EOI) in March 2021 to retain the site for pharmaceutical manufacturing and to retain its skilled workforce following GSK's exit in 2022/23. The EOI was supported by many letters from Australian industry specialists, companies and groups, to convert the site to a life sciences precinct, where small and mid-sized companies and academic institutions and medical research institutes could congregate to facilitate the development and manufacture of their pharmaceutical and vaccine products.

The EOI was followed by presentations by Opal to the federal Department of Industry, federal Department of Health, and Victorian government, both to raise awareness of the site sale and consequent potential loss of the manufacturing capabilities and skilled workforce of the site.

Once Charter Hall was announced as the successful buyer of the site, Opal submitted a new EOI with more letters of support and introduced potential site tenants to demonstrate the demand for facilities and the potential of the life sciences precinct concept.

Subsequent to year end, the precinct concept is being investigated through a feasibility study. Opal is developing a business plan directed to achieve the investment required to transition onto its nominated portion of the Boronia site, should the precinct proceed.

Formulytica Acquisition
As an important part of our strategy change to expand into manufacturing the acquisition of Formulytica Pty Ltd was to be a first step. This was announced in May 2021 together with a capital raise under an Information Memorandum. The IM was subsequently withdrawn and all funds were returned to Applicants. The engagement with the new GSK site owners at Boronia coincided with the capital raise, and due to the latter's priority, and the absence of reference to the Boronia site in the IM, all funds raised were returned to applicants.

Antimicrobial BDM-I
The main activities in the antimicrobial program during the year were studies in the development of the molecule, BDM-I as a human therapeutic.

A key mouse study provided information relating blood and tissue levels to a wide range dosages of BDM-I (including repeat dosing) showing no adverse effects. The studies conducted showed that blood and tissue concentrations were insufficient in the animal model used. This was due to the poor solubility of the BDM-I compound and its high plasma protein binding, directing next efforts towards investigation of the water soluble compounds.

Glycosylated derivatives of BDM-I have been synthesized by the CSIRO Manufacturing Unit, Clayton, Victoria. The molecules were designed to retain the antimicrobial activity of BDM-I but be more water soluble and hence easier to formulate into drug products. Potentially these could also have better absorption and achieve higher serum concentrations. It is anticipated that these new molecules will be screened for activity against Neisseria gonorrhoea in the Australian Research Council (ARC) Research Hub to Combat Antimicrobial Resistance and other pathogens in the coming months. The Hub commencement was delayed by COVID-19.

Financial
Report

Directors' report

30 June 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity attributable to owners') consisting of BioDiem Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

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

- Mr Hugh M Morgan AC
- Ms Julie Phillips
- Prof Larisa Rudenko
- Prof Arthur Kwok Cheung Li (resigned 6 September 2021)
- Mr Fergus Mak Po Kan (appointed 9 September 2021)

Principal activities

During the financial year the principal continuing activities of the consolidated entity attributable to owners consisted of:

- The development and commercialisation of pharmaceutical and biomedical research.
- Exploration of commercial opportunities within the biotechnology and pharmaceutical industry.

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 attributable to owners after providing for income tax and non-controlling interest amounted to $79,250 (30 June 2020: $497,283).

Royalty and milestone revenues in 2021 were $610,253 compared to $122,617 in 2020, while interest income was $1,020 (2020: $2,070). Research and development costs were $49,346 (2020: $231,263). Administration expenses were $748,687 (2020: $667,053).

The consolidated entity commenced the financial year with cash reserves of $370,732. Cash inflows from its subsidiary Opal Biosciences Limited ("Opal") from the issue of 4,000 ordinary shares on exercise of options at $0.25 (25 cents) per share raised $1,000 compared to $455,500 raised in FY20. Net cash used in operating activities were $224,760 compared to $725,308 in the prior year for research and administration. Cash inflows were $409,316 from licensing fees and government grants (2020: $127,810). Cash reserves at the end of the financial year total $280,356.

Coronavirus (COVID-19) pandemic

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread globally as well as in Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is a significant uncertainty around the breadth and duration of business disruptions related to COVID-19 and therefore the company has taken precautionary measures by temporarily closing the company's office and having arranged for its employees to work remotely, as well as minimising non-critical activities and curtailing travel. At the date of this report, the impact of these measures is not expected to significantly impact the completion of the current work being undertaken. However, as the circumstances continue to evolve, there may be disruptions to the future work timelines if employees, consultants or their respective families are personally impacted by COVID-19 or if travel and other operational restrictions are not lifted.

Significant changes in the state of affairs

On 25 August 2020, the company announced the product launch of Changchun BCHT Biotechnology Co (BCHT)'s LAIV vaccine in China. This was a major milestone for BCHT and for BioDiem. BCHT is BioDiem's licensee for the LAIV influenza vaccine technology in China.

On 5 May 2021, Opal Biosciences Limited announced the proposed acquisition of specialist pharmaceutical formulation development business, Formulytica Pty Ltd.

On 6 May 2021, announced its Information Memorandum (IM) to raise up to $5 million through the issue of 33,333,333 shares at $0.15 (15 cents) per share to fund the transaction costs associated with the acquisition. The IM was subsequently withdrawn on 14 July 2021.

On 30 June 2021, the company announced the recent successes of its Chinese licencee, Changchun BCHT Biotechnology Co ("BCHT"). On 25 June 2021 BCHT listed on the Shanghai Stock Exchange Science and Technology Innovation Board, or STAR Market: a significant milestone in the history of the company which was established in 2004. The royalty payment due to BioDiem was estimated to be more than US$250,000 before taxes and deductions.

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

Directors' report

30 June 2021

Matters subsequent to the end of the financial year

On 14 July 2021, Opal Biosciences Limited announced that in light of its progress in the process to lead the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, Opal was reviewing its funding requirements and withdrew its capital raising. All applicant monies were returned in full to applicants.

In September 2021, the company announced changes to its board of directors with the retirement of Professor Arthur Kwok Cheung Li and the appointment of Mr Fergus Mak Po Kan.

In September 2021, Opal Biosciences Limited also announced that it had completed a placement raising $250,000. The placement was priced at $0.075 (7.5 cents) per share and each share had a free attaching option exercisable at $0.075 (7.5 cents) each, expiring 12 months from the issue date. The proceeds from the Placement were to be used to pursue and explore potential pharmaceutical manufacturing opportunities, including due diligence, feasibility studies and exploring potential grant opportunities, and for general working capital purposes.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity attributable to owners operations, the results of those operations, or the consolidated entity attributable to owners state of affairs in future financial years.

Likely developments and expected results of operations

The company will continue to implement its existing strategy by focusing on the development and commercialisation of its technologies and exploration of commercial opportunities in an economically efficient manner.

Environmental regulation

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

Information on directors

Name, title, qualifications	Experience and expertise
Hugh M Morgan AC *LLB, BCom.* **Chairman** **Non-Executive Director**	Hugh Morgan is Principal of First Charnock Pty Ltd. Hugh was appointed Chief Executive Officer of Western Mining Corporation (1990-2003) and prior to that served as an Executive Officer (1976-1986) and then Managing Director (from June 1986). Hugh has served as a Director of Alcoa of Australia Limited (1977-1998 and 2002-2003); Director of Alcoa Inc. (1998-2001); Member of the Board of the Reserve Bank of Australia (1981-1984 and 1996-2007); President of the Australian Japan Business Co-Operation Committee (1999-2006); Joint Chair of the Commonwealth Business Council (2003-2005) and now Emeritus Director; President of the Business Council of Australia (2003-2005) and now an Honorary Member; Member of the Anglo American plc Australian Advisory Board (2006-2014). Hugh was a Member of the Lafarge International Advisory Board; is Chairman of the Order of Australia Association Foundation Limited; Trustee Emeritus of The Asia Society New York; Chairman Emeritus of the Asia Society AustralAsia Centre; Member of the Asia Society Australia Advisory Council; President of the National Gallery of Victoria Foundation. Hugh is a graduate in Law and Commerce from the University of Melbourne. Special responsibilities Chairman of Audit Committee, Chairman of Remuneration and Nomination Committee

Directors' report

30 June 2021

Information on directors

Name, title, qualifications	Experience and expertise

Julie Phillips

BPharm, DHP, MSc, MBA.

Chief Executive Officer and Executive Director

Ms Julie Phillips has a strong background in the biotech and pharmaceutical industry, having worked as the CEO and Director of start-up Australian biotechnology companies operating in the life sciences sector. She is Managing Director of BioDiem's subsidiary, Opal Biosciences Ltd, Chairman of the Innovation and Science Australia's R&D Incentives Committee, until Feb 2020 was Chairman of AusBiotech Ltd, the peak biotechnology industry association in Australia, and is currently a Director of the Medtech and Pharma Growth Centre, MTP Connect. Julie has also been appointed to the University of Newcastle's Council and sits on a number of government advisory committees.

Special responsibilities

None

Larisa Rudenko

MD, PhD, DSc.

Director of Russian Projects, Non-Executive Director

Professor L. Rudenko is a well-known expert in the field of developing the live influenza vaccines. Under her leadership, a new generation of live attenuated influenza vaccine (LAIV) has been developed, and the world's first LAIV was licensed in Russia in 1987 for human use. Over 40 years her research is focused on development of safe and immunogenic LAIVs and its continuous improvement using the most advanced molecular biology and gene-engineering approaches. The results of these developments are protected by 65 patents and copyright certificates and introduced in public health practice and in more than 350 scientific papers.

Under the leadership of Prof. L. Rudenko, a number LAIV candidates against mostly dangerous potentially pandemic H5N1, H2N2, H6N1, H7N3, H7N9, H9N2 influenza viruses have been generated and evaluated in pre-clinical and phase I clinical trials, and all these candidates were deposited in the National Collection of pandemic influenza vaccines. In addition, these pandemic LAIV candidates were deposited in the World Health Organization (WHO) repository and can be easily claimed by the production facilities located in developing countries in case the pandemic is declared.

Prof. L.Rudenko has been a supervisor of 20 PhD students and three applicants for degree of Doctor of Sciences. She developed three new working program of academic disciplines for students and graduate students of the Faculty of Dentistry and Medical Technology at St. Petersburg State University. She coordinated a number of courses for specialists of biotechnology companies from India (Serum Institute of India), Thailand (Governmental Pharmaceutical Organization) and China (BCHT, Chanchung) on the development, production and licensing of Russian live attenuated influenza vaccine

Her contribution to medical science was recognized with several awards:

- The Order of Friendship for employment gains, significant contribution to social-economic development of Russian Federation, long-term honest work and public activities. The decree of the President of Russian Federation on awarding Government awards of the Russian Federation March 5, 2014 r. No 112.
- Honored Doctor of Research Institute of Experimental Medicine N.W. Division of Russian Academy of Medical Sciences. (2012)
- Diploma of the Federal Service for Intellectual Property in the "100 best inventions of Russia" for the development of "The vaccine strain of influenza virus A/17/California/2009/38 (H1N1) for the production of live influenza intranasal vaccine for adults and children (patent of the Russian Federation No2413765), 2010
- Award of Prince A.P.Oldenburgskiy (2009)
- Emeritus Scientist of Russian Federation. (2000)
- Professor L.Rudenko is currently leading the programs: Designing live influenza universal vaccine based on new gene-engineering and immunogenetics approaches.

Special responsibilities

Member of Audit Committee, Member of Remuneration and Nomination Committee

Directors' report

30 June 2021

Name, title, qualifications	Experience and expertise
Mr Fergus Mak Po Kan *BSc, MSc* **Non-Executive Director**	Mr Fergus Mak Po Kan has been with The Bank of East Asia, Limited for over 30 years, and has served across a number of functional areas including business development, trust, legal, mergers and acquisitions, and capital management. Special responsibilities None
Melanie Leydin *BBus (Acc. Corp Law) CA FGIA* **Company Secretary**	Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors. Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Hugh M Morgan	9	9	1	1
Julie Phillips	9	9	-	-
Larisa Rudenko	7	9	1	1
Arthur Kwok Cheung Li	7	9	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' report

30 June 2021

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
8 October 2013	30 September 2023	$0.080	666,667
8 October 2013	30 September 2023	$0.120	666,667
8 October 2013	30 September 2023	$0.200	666,666
			2,250,000

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 BioDiem Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Opal Bioscience Limited which is a subsidiary of BioDiem Limited issued the following ordinary shares during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
2 October 2020	$0.025	4,000

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.

Proceedings on behalf of the company

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001

Auditor

Grant Thornton 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

H M Morgan AC
Director

3 November 2021
Melbourne

Auditor's independence declaration

30 June 2021

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Auditor's Independence Declaration

To the Directors of BioDiem Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BioDiem Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 3 November 2021

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	Consolidated 2021	Consolidated 2020
		$	$
Revenue	4	611,273	124,687
Other income	5	43,547	111,319
Expenses			
Licence fees and royalty expenses		(111,581)	(22,901)
Research and development expenses		(49,346)	(231,263)
Administration expenses		(748,687)	(667,053)
Loss before income tax expense	6	(254,794)	(685,211)
Income tax expense	7	-	-
Loss after income tax expense for the year		(254,794)	(685,211)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(254,794)	(685,211)
Loss for the year is attributable to:			
Non-controlling interest		(175,544)	(187,928)
Owners of BioDiem Limited		(79,250)	(497,283)
		(254,794)	(685,211)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(175,544)	(187,928)
Owners of BioDiem Limited		(79,250)	(497,283)
		(254,794)	(685,211)

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

Statement of financial position

As at 30 June 2021

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	8	280,356	370,732
Trade and other receivables	9	350,100	63,083
Other assets	10	268,606	420,460
Total current assets		899,062	854,275
Total assets		899,062	854,275
Liabilities			
Current liabilities			
Trade and other payables	11	222,805	87,629
Borrowings	12	107,571	103,387
Employee benefits	13	146,662	135,021
Other	14	147,580	-
Total current liabilities		624,618	326,037
Total liabilities		624,618	326,037
Net assets		274,444	528,238
Equity			
Issued capital	15	32,168,532	32,168,532
Reserves	16	46,757	46,757
Accumulated losses		(32,849,746)	(32,770,496)
Deficiency in equity attributable to the owners of BioDiem Limited		(634,457)	(555,207)
Non-controlling interest	17	908,901	1,083,445
Total equity		274,444	528,238

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

Statement of changes in equity

For the year ended 30 June 2021

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Non–controlling interest $	Total equity $
Balance at 1 July 2019	32,168,532	46,757	(32,273,213)	718,978	661,054
Loss after income tax expense for the year	-	-	(497,283)	(187,928)	(685,211)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(497,283)	(187,928)	(685,211)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 14)	-	-	-	552,395	552,395
Balance at 30 June 2020	32,168,532	46,757	(32,770,496)	1,083,445	528,238

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Non–controlling interest $	Total equity $
Balance at 1 July 2020	32,168,532	46,757	(32,770,496)	1,083,445	528,238
Loss after income tax expense for the year	-	-	(79,250)	(175,544)	(254,794)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(79,250)	(175,544)	(254,794)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 15)	-	-	-	1,000	1,000
Balance at 30 June 2021	32,168,532	46,757	(32,849,746)	908,901	274,444

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

BioDiem

Statement of cash flows

For the year ended 30 June 2021

	Note	Consolidated 2021	2020
		$	$
Cash flows from operating activities			
Cash receipts in course of operations		311,042	101,846
Cash payments in course of operations		(806,002)	(855,589)
		(494,960)	(753,743)
Interest received		2	2,471
Government grants received		51,928	25,964
R&D Tax Offset received		218,270	-
Net cash used in operating activities	27	(224,760)	(725,308)
Cash flows from investing activities			
Funds received in advance		147,580	-
Proceeds from term deposit		-	23,644
Net cash from investing activities		147,580	23,644
Cash flows from financing activities			
Proceeds from exercise of options		1,000	455,500
Net cash from financing activities		1,000	455,500
Net (decrease)/increase in cash and cash equivalents		(76,180)	(246,164)
Cash and cash equivalents at the beginning of the financial year		370,732	616,896
Effects of exchange rate changes on cash and cash equivalents		(14,196)	-
Cash and cash equivalents at the end of the financial year	8	280,356	370,732

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

Notes to the financial statements

30 June 2021

Note 1. General information

The financial statements cover BioDiem Limited as a consolidated entity consisting of BioDiem Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020. The financial statements are presented in Australian dollars, which is BioDiem Limited's functional and presentation currency. BioDiem Limited as a consolidated entity is "for-profit".

BioDiem Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne, VIC 3205

A description of the nature of the consolidated entity attributable to owners'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 3 November 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity attributable to owners 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.

Cloud computing arrangement

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or customisation costs in a cloud computing arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

As at 30 June 2021, the consolidated entity has made assessment on the issuance of the interpretation and concluded that it has no impact on the consolidated entity.

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

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group reported a net loss after tax of $254,794 (2020: $685,211 net loss after tax) and had net operating cash outflows of $224,760 (2020: $725,308) for the financial year ended 30 June 2021. The net loss after tax is directly attributable to the expenditures incurred in ongoing research and development activities, as well as administration expenditure. Despite the net loss after tax incurred for the period, the Directors have prepared the financial statements on the going concern basis. The going concern basis is considered appropriate based on a combination of the existing net assets of the Group, which amount to $274,444 (30 June 2020: $528,238), including cash and cash equivalent assets of $280,356 (30 June 2020: $370,732), and the expectation of Group's ongoing ability to successfully secure additional sources of financing. In this regard, the Directors note the following:

- The Group has a licensing agreement with the Serum Institute of India ("Serum"), which entitles the Group to royalty income upon sales of LAIV influenza vaccine.
- The Group has a licensing agreement with the Changchun BCHT Biotechnology Co. (BCHT), which entitles the Group to annual milestone payments and royalty income upon sales of LAIV influenza vaccine in China where it was launched in 2020. A milestone payment of USD $250,00 was received in February 2021 and Royalty income of USD $269,638 was received in August 2021.
- Directors have the ability to curtail discretionary expenditures, which form a significant part of the Group's total expenditure, enabling the Group to fund its operating expenditures within its available cash reserves.
- Subsequent to year-end, on 20 September 2021, Opal issued 3,333,332 ordinary shares at an issue price of $0.075 (7.5 cents) per share, raising a total of $250,000. One free attaching option was issued for every one new share. The free attaching options are exercisable at $0.075 (7.5 cents) each, expiring 20 September 2022. The proceeds from the Placement will be used to pursue potential pharmaceutical manufacturing opportunities, including due diligence, feasibility studies and exploring potential grant opportunity, and for general working capital purposes. This demonstrates that the company has the ability to raise capital in future.

For these reasons, the Directors believe the Group has positive future prospects and are satisfied the going concern basis of preparation of these annual financial statements is appropriate.

Notes to the financial statements

30 June 2021

Whilst the directors are confident in the Group's ability to continue as a going concern, in the event the commercial opportunities and potential sources of financing described above do not eventuate as planned, there is uncertainty as to whether the Group will be able to generate sufficient net operating cash inflows or execute alternative funding arrangements to enable it to continue as a going concern.

Consequently, material uncertainty exists as to whether the Group will continue as a going concern and it may therefore be required to realise assets, extinguish liabilities at amounts different to those recorded in the statement of financial position and settle liabilities other than in the ordinary course of business.

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.

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 attributable to owner's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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 all subsidiaries of BioDiem Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. BioDiem Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity attributable to owners'.

Subsidiaries are all those entities over which the consolidated entity attributable to owners has control. The consolidated entity attributable to owners controls an entity when the consolidated entity attributable to owners 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 attributable to owners. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity attributable to owners 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 attributable to owners.

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

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

Where the consolidated entity attributable to owners 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 attributable to owners 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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is BioDiem Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars 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.

Revenue recognition

The consolidated entity attributable to owners recognises revenue as follows:

Notes to the financial statements

30 June 2021

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity attributable to owners is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity attributable to owners: 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.

Licensing fees

Licensing fees derived from the grant of rights to exploit certain master donor strains are recognised by reference to the stage of completion at the transaction date. This is expected to be when the milestone events outlined in the contract have occurred, this is in line with when performance obligations included in the contract are met.

No revenue is recognised unless the outcome of a transaction can be estimated reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion can be measured reliably, and costs incurred for the transaction and costs to complete the transaction can be measured reliably.

Royalty and milestone revenue

Royalty and milestone revenues are recognised in the period in which the right to receive the royalty has been established and the performance obligations are met. Milestone income has been recognised when the first commercial sale occurred and the performance obligation was met at a point in time. Royalty income has been recognised in relation to the sales achieved for the period from first sale to June 2021.Royalty payments are based on sales of the product by the licensee and cannot reliably estimate the revenue to be recognised until sales information becomes available.

Grant and concession revenue

Unconditional government grants are recognised in profit or loss as other income when the grant becomes receivable. Any other government grant is recognised in the balance sheet initially as deferred income when received and when there is reasonable assurance that the entity will comply with the conditions attaching to it.

Other grants or concessions, including Research & Development Tax concessions, that compensate the entity for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred, and as a receivable over the same period.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Income tax

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

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

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

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

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

Notes to the financial statements

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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 attributable to owner'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 attributable to owner'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.

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

Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on any development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product is technically feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Trade and other payables

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

Borrowings

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

Finance costs

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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Notes to the financial statements

30 June 2021

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

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

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

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

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

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

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

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

If the non-vesting condition is within the control of the consolidated entity attributable to owners 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 attributable to owners 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.

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.

Notes to the financial statements

30 June 2021

Note 3. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity attributable to owners based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity attributable to owners operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity attributable to owners unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Revenue from milestone and royalties

When recognising revenue in relation to milestones and royalties, milestone income is recognised on the first commercial sale, being a point in time when the milestone payment is due and payable. Performance obligation is met at a point in time when the vaccine sales have been achieved.

Note 4. Revenue

	Consolidated	
	2021	2020
	$	$
Milestone and royalty revenue	736,003	122,617
Tax on milestone and royalty revenue	(125,750)	-
	610,253	122,617
Other revenue		
Interest	1,020	2,070
Revenue	611,273	124,687

Of the $736,000 revenue for the year ended 30 June 2021, $377,000 ($250,000 USD) related to milestone revenue recognised at a point in time upon the first sale in August 2020, and $359,000 ($269,000 USD) relates to royalty recognised in relation to the sales achieved for the period from first sale to June 2021.

Note 5. Other income

	Consolidated	
	2021	2020
	$	$
Net foreign exchange gain/(losses)	(14,195)	2,130
Research & Development Tax Concession	25,287	70,243
Government grant received - COVID incentive	32,455	38,946
Other income	43,547	111,319

Notes to the financial statements

30 June 2021

Note 6. Expenses

	Consolidated	
	2021	2020
	$	$
Loss before income tax includes the following specific expenses:		
Employee Benefits Expense		
Wages and salaries	227,964	229,797
Superannuation - defined contribution	15,399	24,534
Increase in annual leave provision	11,570	6,570
Increase in long service leave provision	71	2,361
Total	255,004	263,262

Note 7. Income tax expense

	Consolidated	
	2021	2020
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(254,794)	(685,211)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(66,246)	(188,433)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research & Development tax incentive - not assessable	(6,575)	(42,291)
Research & Development expenditure - not deductible	-	92,158
Other Income	-	10,777
Non Deductable	26,736	-
Deductible	(147)	-
	(46,232)	(127,789)
Current year tax losses not recognised	45,878	118,466
Current year temporary differences not recognised	354	9,323
Income tax expense	-	-

Notes to the financial statements

30 June 2021

	Consolidated 2021	2020
	$	$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	30,467,958	31,051,011
Potential tax benefit at statutory tax rates 25% (2020: 27.5%)	7,616,989	8,539,028

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. Biodiem has total group tax losses of $30,852,251. The ability to access these tax losses is subject to the company passing the same/similar business test or continuity of ownership requirement.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2021	2020
	$	$
Cash at bank	280,356	370,732

Note 9. Current assets – trade and other receivables

	Consolidated 2021	2020
	$	$
Trade receivables	340,166	33,552
Accrued revenue	-	19,473
	340,166	53,025
Interest receivable	96	765
GST receivable	9,838	9,293
	350,100	63,083

Note 10. Current assets – other assets

	Consolidated 2021	2020
	$	$
Accrued revenue	21,138	213,844
Prepayments	143,495	104,330
Short term deposits supporting bank guarantees	103,973	102,286
	268,606	420,460

The company holds two short term deposits, one ($55,817) is a ten month term deposit maturing on 25 November 2021. The other ($48,156) is also a ten month term deposit, maturing on 23 March 2022. The term deposits are earning 0.35% and 0.25% per annum respectively.

Refer to note 16 for further information on financial instruments.

Notes to the financial statements

30 June 2021

Note 11. Current liabilities – trade and other payables

	Consolidated	
	2021	2020
	$	$
Trade payables	101,380	36,251
Other payables	121,425	51,378
	222,805	87,629

Refer to note 19 for further information on financial instruments.

Note 12. Current liabilities - borrowings

	Consolidated	
	2021	2020
	$	$
Insurance funding	107,571	103,387

Refer to note 19 for further information on financial instruments.

BioDiem has a premium funding agreement between IQumulate Premium Funding. The funding agreement is in relation to pay directors and officers insurance, life science insurance and brokers fees. The total amount renewed under the agreement during 2021 financial year was $215,000 and interest amount of $9,000 for the period from 15 February 2021 to 15 November 2021. This agreement was renewed on 19 April 2021.

Note 13. Current liabilities - employee benefits

	Consolidated	
	2021	2020
	$	$
Annual leave provision	94,489	82,919
Long service leave provision	52,173	52,102
	146,662	135,021

Amounts not expected to be settled within the next 12 months

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

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2021	2020
	$	$
Long service leave	52,173	52,102

Notes to the financial statements

30 June 2021

Note 14. Current liabilities - other

	Consolidated	
	2021	2020
	$	$
Funds received in advance	147,580	-

The above figure represents funds received from investors as a part of the Information Memorandum announced by Opal during the period to raise up to $5 million through the issue of 33,333,333 shares at $0.15 (15 cents) per share. Subsequent to year end, Opal announced that in light of its progress in the process to lead the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, it withdrew this capital raising, and returned all monies in full to applicants.

Note 15. Equity - issued capital

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	$	$
Ordinary shares - fully paid	174,734,060	174,734,060	31,019,592	31,019,592
Convertible Preference shares - fully paid	14,392,433	14,392,433	1,148,940	1,148,940
	189,126,493	189,126,493	32,168,532	32,168,532

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.

Convertible Preference shares

Preference 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, with priority over ordinary shareholders.

The Convertible Preference Shares rank in priority to the Company's existing fully paid Ordinary Shares in respect of dividends and capital returns until the holders have received 8 times the issue price of the Convertible Preference Shares. The Convertible Preference Shares have limited voting rights.

Once the holders of the Convertible Preference Shares have received the preferential return, the Convertible Preference Shares will convert into Ordinary Shares.

Capital risk management

The consolidated entity attributable to owner'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 attributable to owners 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 2020 Annual Report.

Note 16. Equity – reserves

	Consolidated	
	2021	2020
	$	$
Share-based payments reserve	46,757	46,757

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.

Notes to the financial statements

30 June 2021

Note 17. Equity – non-controlling interest

	Consolidated	
	2021	2020
Issued capital	1,515,152	1,514,152
Accumulated losses	(606,251)	(430,707)
	908,901	1,083,445

Details	Date	Shares	Issue Price	$
Opening Balance	01/07/2018	16,045,012	$0.00	1,209,012
Issue of shares- to external investors	18/12/2018	1,011,000	$0.25	252,750
Exercise of options	30/09/2019	1,400,000	$0.20	280,000
Exercise of options	01/02/2020	877,500	$0.20	175,500
Issue of shares - to directors	30/06/2020	125,537	$0.20	25,109
Issue of shares - to directors	30/06/2020	287,128	$0.25	71,786
Exercise of options	22/10/2020	4,000	$0.25	1,000
Closing Balance as 30 June 2021		19,750,177		2,015,157

Note 18. Equity - dividends

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

Note 19. Financial instruments

Financial risk management objectives

Exposure to liquidity, credit and currency risks arise in the normal course of the company's business.

Market risk

Foreign currency risk

The consolidated entity attributable to owners 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. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk

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

Interest rate risk

The company is not exposed to significant interest rate risk.

Credit risk

The consolidated entity attributable to owners 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 attributable to owners 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.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised, as counterparties are recognised financial intermediaries, with acceptable credit ratings determined by recognised credit agencies.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position.

None of the company's receivables are past their due date.

BioDiem

Notes to the financial statements

30 June 2021

	Consolidated 2021	Consolidated 2020
	$	$
Trade receivables	340,166	33,552

Liquidity risk

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

Remaining contractual maturities

The following tables detail the consolidated entity attributable to owners'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.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2021	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	101,380	-	-	-	101,380
Money received in advance	-	147,580	-	-	-	147,580
Interest-bearing - fixed rate						
IQumulate Premium Funding	-	107,571	-	-	-	107,571
Total non-derivatives		356,531	-	-	-	356,531

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2020	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	184,525	-	-	-	184,525
Total non-derivatives		184,525	-	-	-	184,525

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.

Guarantees

The Group has in place two term deposits for periods of ten months amounting to $55,817 and $48,156 respectively totalling $103,973 (2020: $102,286) in support of its undertakings under a guarantee for $55,817 on account of the Group’s credit cards.

Notes to the financial statements

30 June 2021

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated	
	2021	2020
	$	$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	53,500	45,000

Note 21. Contingent liabilities

The consolidated entity holds a licence to commercialise influenza vaccine technologies from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 20% of all payments received from any Licensee and 20% of any royalties arising from net sales.

The consolidated entity holds a licence to commercialise the BDM-I antimicrobial technology from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 10% of all payments received from any Licensee and 10% of any royalties arising from net sales (or 5% in each case, where the commercialisation is done by the consolidated entity).

	Consolidated	
	2021	2020
	$	$
Bank guarantees	13,750	13,750

The guarantee above is related to the credit card facility operated by BioDiem.

Note 22. Commitments

There are no commitments for 2021 (2020: Nil).

Note 23. Related party transactions

Parent entity
BioDiem Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

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

	Consolidated	
	2021	2020
	$	$
Key management personnel compensation:		
Short-term employee benefits	227,964	229,797
Post-employee benefits	15,398	24,534
Directors fees	54,794	65,762

Notes to the financial statements

Prof Rudenko is the Head of the Virology Department at the Institute of Experimental Medicine ("the Institute"). During the course of the year the Group paid licence fees and royalties amounting to $112,000 (2020: $22,901) to the Institute. During the financial year, company paid $30,500 consulting Fees to Larisa Rudenko.

Since February 2018, Opal Biosciences Limited entered into a service agreement to pay $22,786 (per month) as operation and management fee to the parent entity, Biodiem Limited. This was reassessed and updated in September 2020 to $16,975 (per month).

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.

Terms and conditions

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

Note 24. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	$	$
Profit/(loss) after income tax	223,528	(151,360)
Total comprehensive income/(loss)	223,528	(151,360)

Statement of financial position

	Parent	
	2021	2020
	$	$
Total current assets	629,681	328,510
Total assets	629,681	328,510
Total current liabilities	355,237	280,093
Total liabilities	355,237	280,093
Equity		
Issued capital	32,168,532	32,168,533
Share-based payments reserve	46,757	46,757
Accumulated losses	(31,940,845)	(32,166,873)
Total equity	274,444	48,417

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020, other than as mentioned below.

Notes to the financial statements

30 June 2021

The consolidated entity holds a licence to commercialise influenza vaccine technologies from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 20% of all payments received from any Licensee and 20% of any royalties arising from net sales.

The consolidated entity holds a licence to commercialise the BDM-I antimicrobial technology from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 10% of all payments received from any Licensee and 10% of any royalties arising from net sales (or 5% in each case, where the commercialisation is done by the consolidated entity).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity attributable to owners, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 25. Interests in subsidiaries

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

	Principal place of business / Country of incorporation	Ownership interest 2021	Ownership interest 2020
Name		%	%
Savine Therapeutics Pty Ltd	Australia	100.00%	100.00%
Opal Biosciences Limited	Australia	63.29%	63.30%

During the financial year, Opal issued 4,000 ordinary shares from exercise of options at $0.25 per option raising $1,000. BioDiem retains the majority shareholding of Opal due to its equity holding and continues to support Opal's business activities

BioDiem retains the majority shareholding of Opal due to its equity holding and continues to support the development of Opal's business activities.

Note 26. Events after the reporting period

On 14 July 2021,Opal Biosciences Limited announced that in light of its progress in the process to lead the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, Opal was reviewing its funding requirements and withdrew its capital raising. All applicant monies were returned in full to applicants.

In September 2021, the company announced changes to its board of directors with the retirement of Professor Arthur Kwok Cheung Li and the appointment of Mr Fergus Mak Po Kan.

In September 2021, Opal Biosciences Limited also announced that it had completed a placement raising $250,000. The placement was priced at $0.075 (7.5 cents) per share and each share had a free attaching option exercisable at $0.075 (7.5 cents) each, expiring 12 months from the issue date. The proceeds from the Placement were to be used to pursue and explore potential pharmaceutical manufacturing opportunities, including due diligence, feasibility studies and exploring potential grant opportunities, and for general working capital purposes.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity attributable to owners operations, the results of those operations, or the consolidated entity attributable to owners state of affairs in future financial years.

Notes to the financial statements

30 June 2021

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	$	$
Loss after income tax expense for the year	(254,794)	(685,211)
Adjustments for:		
Share-based payments	-	54,794
Foreign exchange differences	12,160	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(90,249)	(112,325)
Increase in prepayments	(39,165)	(25,947)
Increase in trade and other payables	135,647	28,469
Increase in employee benefits	11,641	14,912
Net cash used in operating activities	(224,760)	(725,308)

Note 28. Share-based payments

The Group has an Employees' and Officers' Incentive Option Scheme pursuant to which options may be issued to eligible persons, being directors', employees and consultants or their approved nominees. Eligible persons may receive options based on the achievement of specific performance hurdles, which are a blend of Group and personal objectives appropriate for the roles and responsibilities of each individual.

Under the scheme signed in October 2006, the Group has the ability to issue options up to 5 percent of the issued capital. As at 30 June 2021 there were 174,734,060 shares on hand.

When issued, the options will have an exercise price of not less than the average closing trading price of the Group's ordinary listed shares on the five days prior to issuing invitations to accept options under the scheme, will have an expiry date not later than five years after the date of issue, and will vest at such times as the Board with the advice from the Remuneration Committee may specify in the applicable invitation to accept the options.

On 27 July 2009 the Group issued 160,000 options under the ESOP. These options were restricted until 27 July 2010 and lapsed on 27 July 2014. The exercise price was set at $0.136.

At the Annual General Meeting, held on 8 October 2013, 2 million options were granted to the CEO under the scheme. The options vested in accordance with the Scheme rules and lapse after 30 September 2023.

All options vest on the basis of one third per annum after the year of issue. There are no voting rights or dividend rights attached to these options. All these options expire on the earlier of the expiry date or the date of the employee termination, unless otherwise agreed.

No shares issued on exercise of options granted under the scheme during the year or in the previous year.

Notes to the financial statements

30 June 2021

Set out below are summaries of options granted under the plan:

2021							
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
08/10/2013	30/09/2023	$0.080	666,667	-	-	-	666,667
08/10/2013	30/09/2023	$0.120	666,667	-	-	-	666,667
08/10/2013	30/09/2023	$0.200	666,666	-	-	-	666,666
			2,000,000	-	-	-	2,000,000
Weighted average exercise price			$0.133	$0.000	$0.000	$0.000	$0.133

2020							
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
08/10/2013	30/09/2023	$0.080	666,667	-	-	-	666,667
08/10/2013	30/09/2023	$0.120	666,667	-	-	-	666,667
08/10/2013	30/09/2023	$0.200	666,666	-	-	-	666,666
			2,000,000	-	-	-	2,000,000
Weighted average exercise price			$0.133	$0.000	$0.000	$0.000	$0.133

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

		2021	2020
Grant date	Expiry date	Number	Number
08/10/2013	30/09/2023	2,000,000	2,000,000
		2,000,000	2,000,000

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
08/10/2013	30/09/2023	$0.030	$0.080	100.00%	-	3.97%	$0.024
08/10/2013	30/09/2023	$0.030	$0.120	100.00%	-	3.97%	$0.024
08/10/2013	30/09/2023	$0.030	$0.200	100.00%	-	3.97%	$0.022

Directors' declaration

30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity attributable to owners's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

H M Morgan AC
Director

3 November 2021
Melbourne

Independent auditor's report to the members of BioDiem Limited

GrantThornton

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Independent Auditor's Report

To the Members of BioDiem Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of BioDiem Limited (the Company) and its subsidiary (the Group), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated 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:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which explains that the Group reported a net loss after tax of $254,794 and had net operating cash outflows of $224,760 for the financial year ended 30 June 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of BioDiem Limited

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Group 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*. The Directors' responsibility also includes 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 responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 3 November 2021

Corporate directory

Directors
Mr Hugh M Morgan AC (Chairman, Non-Executive Director)
Ms Julie Phillips (Chief Executive Officer)
Prof Larisa Rudenko (Non-Executive Director)
Mr Fergus Mak Po Kan (Non-Executive Director)

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