BioDiem

BioDiem Ltd | ABN 20 096 845 993

Annual Report 30 June 2023

DEVELOPING COMMERCIAL OUTCOMES

BioDiem

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 vaccinen 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, Defluvac™, is marketed in China.

BioDiem's subsidiary, Opal Biosciences Ltd is exploring diversification into pharmaceutical development and manufacture. Opal's business plan is to develop a profitable innovative development and manufacturing business to fill a growing market need for complex clinical trial (and personalised/precision health) medicines.

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

2023

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BioDiem

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)						★

> ...Ninety-nine percent of deaths in children under 5 years of age with influenza-related lower respiratory tract infections are in developing countries....

WHO Quote: Influenza (Seasonal) Fact Sheet, 3 October 2023
(https://www.who.int/news-room/fact-sheets/detail/influenza-(seasonal))

Chairman's letter

Fellow Shareholders,

The year under review has shown significant achievements in our subsidiary Opal Biosciences Ltd ("Opal") and continued stable income from milestone and royalty payments from BioDiem's influenza vaccine licencing business.

Opal is pursuing its strategy to become a significant business in the supply chain for pharmaceutical manufacturing in Australia. Its major highlight for the year was news of its award of a $5 million grant from the Western Australian (WA) government's Investment Attraction Fund and the signing of a share purchase agreement with Formulytica Pty Ltd (Formulytica).

These achievements provide the basis for a new merged entity where Opal acquires Formulytica's business and the WA government grant assists with funding towards expanding the merged business further.

The WA grant application was for the establishment in Perth of a small-scale pharmaceutical facility to manufacture sterile injectable liquids for use in early stage clinical trials and for personalised medicine. The grant requires matched funding up to $5 million. On 1 September 2023 Opal launched its capital raising for $2.5 million with an attaching option to raise a further $2.5 million in the future. The capital raising has a $2 million minimum and is open to sophisticated investors. This amount would complete the acquisition of Formulytica and allow the WA project to commence. Formulytica is essential for the success of the Opal endeavour and the Perth facility will be an extension of Formulytica's existing pharmaceutical formulation development and manufacturing business in Victoria and allow them to grow their existing capabilities in sterile injectable formulation and manufacture.

The capital raising closes on 31 March 2024. Before this time we expect to have the results of two federal grant applications that Opal has lodged also for the Perth project. While the funding from these grants would be significant ($3 to $5 million) Opal has not factored receipt of these funds into the financial forecasts.

BioDiem owns ~55 % of Opal and participated in a share placement to it in 2021. BioDiem had exercised the options attaching to the shares from that placement which were exercisable by 20 September 2022 and also agreed to take up some of the shortfall of any unexercised options in November 2022. This maintained BioDiem as the major shareholder in Opal. The BioDiem board believes that Opal's strategy has the potential for significant upside and value creation for BioDiem shareholders.

Global supply chain disruption, the Russian - Ukraine war and global market economic conditions continue to have some impact on our business post-COVID. With these factors in mind the board has commenced exploration of the sale of the LAIV technology licence. The licence covers both traditional egg-based and also cell-based manufacture of influenza vaccines based on certain virus master donor strains. The continued threat posed by bird or avian influenza highlights the value of cell-based manufacturing should there be an interruption of egg supply. The opportunity for entry into additional territories covered by the licence is also attractive to harness the value shown by vaccination to protect against serious infections like influenza which can be a serious infection.

Serum Institute of India received regulatory approval in 2021 of their new LAIV vaccine product, Nasovac-S4, a liquid quadrivalent intranasal influenza vaccine. This has been launched recently and there are early signs of improved market acceptance of this product.

Our revenue from milestone payments and royalties from LAIV licences totalled $419,108 up from $403,184 on the prior year. Our tight control of expenses in both the parent company and subsidiary saw a reduction in administration costs and overall reduction in loss to $153,228 this year compared to $283,595 last year.

Many thanks to our shareholders for their patience and to the members of the board and our staff and service providers. I look forward to advising you of our progress over the coming year.

Yours faithfully,

Damien Hannes
Chairman

BioDiem

Planned Perth sterile manufacturing facility

– to supply Australian and overseas clients

Perth focus

Small-scale cGMP quality manufacture and fill/finish of vaccines and sterile injectables for research and clinical trial (including formulation development); it will focus on small scale production including for individual patient treatment.

Synergies

Address current growth in clients
Accommodate existing contract growth
Extend Contract services for existing clients
Service West coast and Southeast Asia
Provide integrated onshore capability for companies locally and overseas to manufacture injectables for clinical trial in Australia; facilitating access to the RD tax incentive.

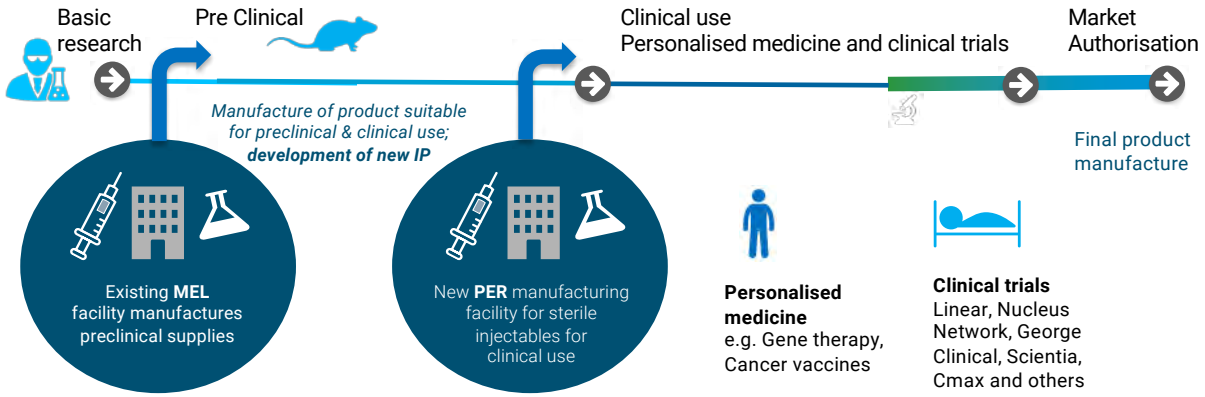
The facility will accelerate development of, and patient access to, new treatments.

Successful products developed in the facility can be transitioned to a larger scale facility for manufacture for larger trials and commercial production.

Opal-FLT will manufacture materials for personalised medicine and clinical trials and develop its own new intellectual property - for local and overseas clients

Drugs need extensive testing before permission to start human studies

The drug development pathway



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:**
  - a establish a new manufacturing capability based in Australia for vaccines and other sterile injectables at small and individual patient scale and for clinical trial use.

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.

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.

BioDiem currently has two commercial partners: Serum Institute of India Pvt Ltd (SII) (Pune, India), and Changchun BCHT Biotechnology Co (BCHT) (Jilin, China).

During the 2022-2023 year:

- Royalty and milestone income from LAIV licence fees and sales totalled $359,108 (2022: $324,387).
- Income from consulting work totalled $60,000 (2022: $78,797).
- BCHT extended their LAIV licence to include the private sector market in the territory of Saudi Arabia to add to their rights in the territories of China, Malaysia and Qatar for pandemic and seasonal influenza vaccines made using an egg-based production method.
- Serum Institute of India received regulatory approval for a new liquid quadrivalent intranasal vaccine, Nasovac-S4, which was launched in 2023.

BioDiem's subsidiary: Opal Biosciences Ltd ("Opal")

Opal's strategic focus is to grow Australia's vaccine and pharmaceutical manufacturing capability.

- Opal announced its proposed merger with Formulytica Pty Ltd (Formulytica) in June 2023.
- In July 2023 Opal announced it was awarded a $5 million grant by the Western Australian (WA) government through its Innovation Attraction Fund (IAF).
- A funding agreement has been signed with the WA government which includes a schedule of payments over a five year period.
- The grant requires Opal to contribute matching funds to access the full government funding over the five year period of the grant.
- On 1 September 2023 Opal launched an Information Memorandum for a $2.5 million capital raising through the issue of 10,000,000 new Shares at $0.25 per share together with one free attaching Option for every one new Share having an exercise price of $0.25 and expiring October 2025.
- The capital raise is open to sophisticated investors only.
- On successful completion of the capital raising the merger with Formulytica will be effective and access to the $5 million WA IAF grant will commence.

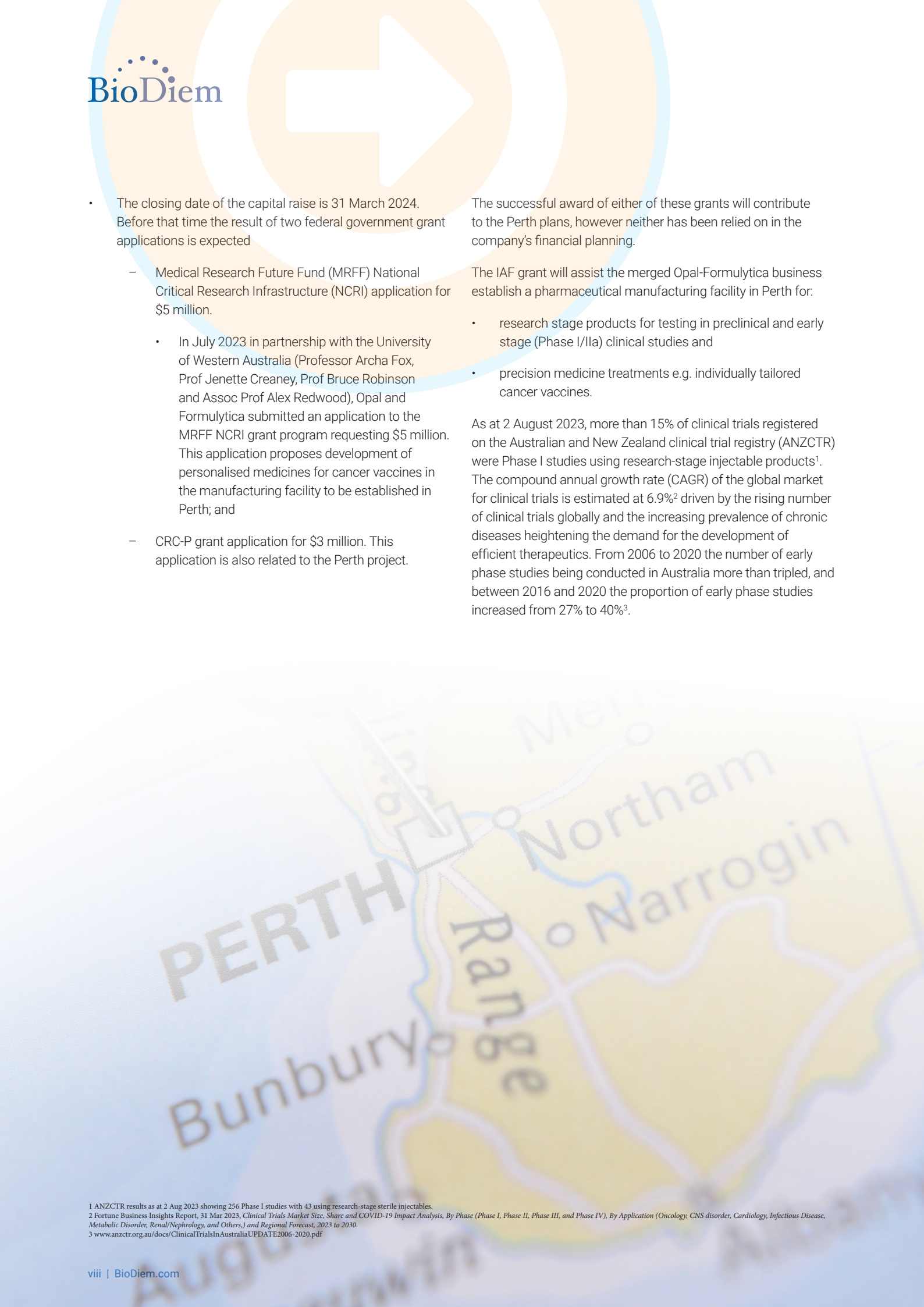
- The closing date of the capital raise is 31 March 2024. Before that time the result of two federal government grant applications is expected
  - Medical Research Future Fund (MRFF) National Critical Research Infrastructure (NCRI) application for $5 million.
    - In July 2023 in partnership with the University of Western Australia (Professor Archa Fox, Prof Jenette Creaney, Prof Bruce Robinson and Assoc Prof Alex Redwood), Opal and Formulytica submitted an application to the MRFF NCRI grant program requesting $5 million. This application proposes development of personalised medicines for cancer vaccines in the manufacturing facility to be established in Perth; and
  - CRC-P grant application for $3 million. This application is also related to the Perth project.

The successful award of either of these grants will contribute to the Perth plans, however neither has been relied on in the company's financial planning.

The IAF grant will assist the merged Opal-Formulytica business establish a pharmaceutical manufacturing facility in Perth for:

- research stage products for testing in preclinical and early stage (Phase I/IIa) clinical studies and
- precision medicine treatments e.g. individually tailored cancer vaccines.

As at 2 August 2023, more than 15% of clinical trials registered on the Australian and New Zealand clinical trial registry (ANZCTR) were Phase I studies using research-stage injectable products[1]. The compound annual growth rate (CAGR) of the global market for clinical trials is estimated at 6.9%[2] driven by the rising number of clinical trials globally and the increasing prevalence of chronic diseases heightening the demand for the development of efficient therapeutics. From 2006 to 2020 the number of early phase studies being conducted in Australia more than tripled, and between 2016 and 2020 the proportion of early phase studies increased from 27% to 40%[3].



1 ANZCTR results as at 2 Aug 2023 showing 256 Phase I studies with 43 using research-stage sterile injectables.
2 Fortune Business Insights Report, 31 Mar 2023, *Clinical Trials Market Size, Share and COVID-19 Impact Analysis, By Phase (Phase I, Phase II, Phase III, and Phase IV), By Application (Oncology, CNS disorder, Cardiology, Infectious Disease, Metabolic Disorder, Renal/Nephrology, and Others,) and Regional Forecast, 2023 to 2030.*
3 www.anzctr.org.au/docs/ClinicalTrialsInAustraliaUPDATE2006-2020.pdf

> ...There are around a billion cases of seasonal influenza annually, including 3-5 million cases of severe illness...

WHO Quote: Influenza (Seasonal) Fact Sheet, 3 October 2023
(https://www.who.int/news-room/fact-sheets/detail/influenza-(seasonal))

The personalised medicine market is emerging with the personalised medicine therapeutics segment projected to have the fastest CAGR of an estimated 10.7%[1].

Post-successful capital raising

In addition to penetration of these growing markets, the Opal-Formulytica business will provide services for preclinical product manufacture, contract formulation development services, analytical method development and validation to augment the existing revenue-generating Melbourne-based business with its strong and internationally recognised capabilities.

Once established, the new Perth-based arm of the Opal-Formulytica business will provide flexible and high-speed turnaround manufacture of sterile injectable products at small scale e.g. personalised products for individual patients and early stage clinical trials. The facility's capability for quick turnaround will allow high throughput of a number of manufacturing campaigns, such as multiple small batches of personalised medicines including vaccines. There is a gap in the Australian market for this contract manufacturing capability.

It is expected that revenue will grow through expansion of the existing Melbourne fee-for-service business (formulation development, analytical chemistry, stability testing for topical, oral, ophthalmic and injectable products) to include small scale sterile injectable products as described. In addition, the novel technology development opportunities will increase and will expand the existing commercialised royalty-producing intellectual property portfolio.

The new capability to be established in Perth will boost assistance to those groups transitioning from research stage to clinical trials and will include both Australian and overseas based clients. In particular start-up companies, university spin-out companies, university groups, medical research institutes and established biotech and pharmaceutical companies will benefit from this expansion. The existing Opal-Formulytica network and client base includes companies and organisations across the full spectrum of pharmaceutical product research, preclinical and clinical development, manufacture and commercialisation. The network includes service providers in regulatory affairs, clinical research, pharmacoeconomics, international marketing and promotion.

Currently in Australia, the capabilities and infrastructure for small scale sterile liquid injectable and vaccine manufacturing and fill/finish are scarce. In some cases, for individual patient scale or very small-scale trials, hospitals are used for manufacturing, requiring upskilling and implementation of quality assurance (QA) systems and quality control (QC) processes. These constraints frequently preclude this approach. Meanwhile, existing contract manufacturers prefer higher volume batch production for profitability due to the cost and complexity of requirements for cGMP manufacture of sterile injectables, even if for investigational use[2].

Australian researchers and companies commonly rely on overseas manufacturers to produce their clinical trial materials. The consequences are delays, risk and expense: lead times can be uncertain and long, and costs high due to demand, exchange rates and shipping.

Opal's business plan is to develop a profitable innovative development and manufacturing business to fill a growing market need for complex clinical trial (and personalised/ precision health) medicines.

1 Grandview Research Report, 2023, *Personalised Medicine Market Size, Shares and Trends Analysis Report by Product, (Personalised Medicine Therapeutics, Personalised Medical Care, Personalised Nutrition and Wellness), by Region, and Segment Forecasts, 2023 to 2030.*
2 PICS guide to good manufacturing practise for medicinal products annexes – see Annex 13 https://www.tga.gov.au/sites/default/files/ gmp-guide-annexes.pdf

Financial Report

BioDiem Limited
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30 June 2023

BioDiem Limited
Corporate directory
30 June 2023

Directors	Mr Damien Hannes Prof Larisa Rudenko Ms Julie Phillips
Share registry	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford Victoria 3067 Telephone: + 61 3 9415 5000 Investor Queries (within Australia): 1300 850 505
Company secretary	Ms. Melanie Leydin
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7222
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7222
Auditor	William Buck Audit (Vic) Pty Ltd 181 William Street Melbourne VIC 3000
Website	www.biodiem.com

BioDiem Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 2023.

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 Damien Hannes
Prof Larisa Rudenko
Ms Julie Phillips
Mr Fergus Mak Po Kan (retired on 9 August 2023)

Principal activities
During the financial year the principal continuing activities of the consolidated entity 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 after providing for income tax and non-controlling interest amounted to $73,088 (30 June 2022: $196,718).

Revenue and other income mainly attributable to royalty and milestone revenues of $359,108 (2022: $324,387); consulting fee of $60,000 (2022:78,797) received; and write off of accrued directors fee of Opal of $nil (2022: $54,794) during the year ended 30 June 2023. Research and development costs were $21,591 (2022: $31,300). Administration expenses were $466,943 (2022: $657,099).

The consolidated entity's net operating cash outflows amounted to $130,021. Cash inflows from its subsidiary Opal Biosciences Limited ("Opal") from a placement was $87,344. Cash reserves at the end of the financial year total $425,050.

Risks and uncertainties
The Company is subject to risks that are specific to the Company's business activities, as well as general risks. The following list gives examples of risk areas:

Future funding risks
While the Company has a cash and cash equivalents balance of $425,050, and net assets of $180,102 and is able to continue on a going concern basis, there is risk that the Company may require additional financing in the future to sufficiently fund its activities and longer-term objectives.

The Group has some ability to control its expenditure to retain appropriate cash balances. Management remains diligent in monitoring its cash balances and expenditure. Should the Company be required to raise funds, its ability will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise funds, its ability to achieve its milestones or continue future research, development and commercialisation activities may be affected. The Company's income is also reliant on Milestone and Royalty Income.

The Directors regularly review the Company's finances to ensure its ability to meet its financial obligations.

Dependence on service providers and third-party collaborators
There is no guarantee that the Company will be able to find suitable service providers and/or collaborators to complete its research, development and commercialisation activities. The Company may therefore be exposed to the risk that any of these parties could experience problems related to operations, financial strength or other issues. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's research, development and commercialisation efforts, financial condition and results of operations.

Reliance on key personnel
The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and consultants to support the operations of the Company.

Inability to protect intellectual property
The Company's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property and know-how. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.

IT system failure and cyber security risks
Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters. The Company is committed to preventing and reducing cyber security risks through outsourced IT management to a reputable services provider.

Ukraine-Russia conflict
The Company holds a licence to a Russian influenza (LAIV) vaccine technology which entails payments to Russian-based individuals and entities from royalties and milestone payments from commercialisation of the LAIV technology. As a consequence of the Ukraine-Russia conflict international sanctions have been introduced which designate certain activities as prohibited which involve certain Russian individuals and entities. The sanctions are updated and amended from time to time and have severe penalties if breached. While the Company's activities do not fall under any sanctioned activities, the Company monitors the sanctions and their updates and assesses potential current and future impacts on the Company. It is unknown how long the sanctions will be in place. The Company continues to liaise with the World Health Organisation and the relevant Australian federal government agency (Department of Foreign Affairs and Trade) to disclose the Company's involvement with Russian individuals and entities and has sought and obtained relevant compliance certifications and "No prohibition" letters to provide to suppliers.

Significant changes in the state of affairs
During the year, Opal raised a total of $133,181 in proceeds relating to the exercise of 1,768,746 options in Opal, with 1,765,746 of the options exercisable at $0.075 (7.5 cents) each, expiring 20 September 2022, and 3,000 of the options exercisable at $0.25 (25 cents) each, expiring 30 November 2022. In addition, $87,568 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

On 21 June 2023 Opal announced its proposed merger with specialist company, Formulytica Pty Ltd ("Formulytica"). Opal and Formulytica have partnered to plan the establishment of a new sterile pharmaceutical development and manufacturing facility to be based in Perth. The new facility will be focused on small scale manufacture of sterile liquid products for clinical trial and personalised medicine treatment. The objective of the new merged business will be to serve the needs of local and overseas groups who need manufacture of research stage products for testing in preclinical and early stage (Phase I/IIa) clinical studies and for some precision medicine treatment developments e.g. individually tailored cancer vaccines.

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

Matters subsequent to the end of the financial year
On 18 July 2023, Opal announced it has been awarded an Investment Attraction Fund grant of $5 million by the State Government of Western Australia (WA). The grant is to support establishment of a manufacturing facility in Perth to develop and formulate the materials required for use in clinical trials particularly small batch manufacture of sterile injectables and vaccines. Material for preclinical studies will also be included. In addition, the project will recruit and train new staff in advanced sterile pharmaceutical manufacturing, regulatory and quality standards. The project includes internships and placement opportunities for PhD's and other higher education students to learn about sterile pharmaceutical manufacturing to international industry standards. The grant requires matched funding over the 5 year period of the project.

On 9 August 2023, Mr Fergus Mak Po Kan retired as the non-executive director.

On 1 September 2023, Opal announced its Information Memorandum to raise up to $2.5 million through the issue of 10,000,000 new Shares at $0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of $0.25 (25 cents) and expiring October 2025.

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 a financially efficient manner.

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

Information on directors

Name:	Damien Hannes
Title:	Chairman, Non-Executive Director
Experience and expertise:	Mr. Hannes has over 25 years of finance, operations, sales and management experience. He has most recently served over 15 years as a managing director and a member of the operating committee, among other senior management positions, for Credit Suisse's listed derivatives business in equities, commodities and fixed income in its Asia and Pacific region. From 1986 to 1993, Mr. Hannes was a director for Fay Richwhite Australia, a New Zealand merchant bank. Prior to his tenure with Fay Richwhite, Mr. Hannes was the director of operations and chief financial officer of Donaldson, Lufkin and Jenrette Futures Ltd, a US investment bank. He has successfully raised capital and developed and managed mining, commodities trading and manufacturing businesses in the global market. He holds a Bachelor of Business degree from the NSW University of Technology and subsequently completed the Institute of Chartered Accounts Professional Year before being seconded into the commercial sector. From 2009 to 2019 Mr Hannes was a non-executive director of Sundance Energy Australia Ltd (ASX) and Sundance Energy Inc (NASDAQ) after a re-domicile to the US. Damien was Chairman of the remuneration committee and a member of the audit committee in his time on the board at Sundance Energy. Damien has held various other Directorships in other private businesses in a capacity as Chairman and as a non executive Director. Damien is a non-executive director of Opal Biosciences Ltd.
Special responsibilities:	None
Name:	Julie Phillips
Title:	Chief Executive Officer and Executive Director
Qualifications:	BPharm, DHP, MSc, MBA
Experience and expertise:	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 Commonwealth government's Industry Innovation and Science Australia's R&D Incentive Committee, until Feb 2020 was Chairman of AusBiotech Ltd, the peak biotechnology industry association in Australia, and is currently Director of the Medtech and Pharma Growth Centre, MTP Connect. Julie is also a member of the University of Newcastle's Council.
Special responsibilities:	None

Name:	Larisa Rudenko
Title:	Director of Russian Projects, Non-Executive Director
Qualifications:	MD, PhD, DSc
Experience and expertise:	Professor Larisa Rudenko is Head of the Virology Department in the Institute of Experimental Medicine, St. Petersburg, Russia.

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, Changchun) on the development, production and licensing of Russian live attenuated influenza vaccine

Her contribution to medical science has been 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 г. № 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 №2413765), 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:	None

Company secretary
Ms Melanie Leydin: BBus (Acc. Corp Law) CA FGIA

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 Managing Director of Vistra Australia Pty Ltd. 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 as a Company Secretary. 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') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Attended	Held
Julie Phillips	9	9
Larisa Rudenko	5	9
Damien Hannes	9	9
Mr Fergus Mak Po Kan	8	9

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

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

Shares issued on the exercise of options
Opal Bioscience Limited which is a subsidiary of BioDiem Limited issued the following ordinary shares up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
21 July 2022	$0.075	200,000
20 September 2022	$0.075	1,565,746
30 November 2022	$0.250	3,000
		1,768,746

Indemnity 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.

Indemnity 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.

BioDiem Limited
Directors' report
30 June 2023

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
William Buck Audit (Vic) 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

Damien Hannes
Chairman

6 November 2023
Melbourne

William Buck
ACCOUNTANTS & ADVISORS

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis
Director
Melbourne, 6 November 2023

BioDiem Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Revenue	4	419,108	403,184
Other income	5	8,104	76,039
Expenses			
Licence fees and royalty expenses		(64,406)	(63,669)
Research and development expenses		(21,591)	(31,300)
Administration expenses		(466,943)	(657,099)
Directors fee		(27,500)	(10,750)
Loss before income tax expense	6	(153,228)	(283,595)
Income tax expense		-	-
Loss after income tax expense for the year		(153,228)	(283,595)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(153,228)	(283,595)
Loss for the year is attributable to:			
Non-controlling interest		(80,140)	(86,877)
Owners of BioDiem Limited		(73,088)	(196,718)
		(153,228)	(283,595)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(80,140)	(86,877)
Owners of BioDiem Limited		(73,088)	(196,718)
		(153,228)	(283,595)

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

BioDiem Limited
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents		425,050	403,934
Trade and other receivables	7	23,319	20,968
Other assets	8	61,323	113,667
Total current assets		509,692	538,569
Total assets		509,692	538,569
Liabilities			
Current liabilities			
Trade and other payables	9	166,216	129,600
Employee benefits	10	161,874	161,483
Fund received in advance	11	1,500	16,500
Total current liabilities		329,590	307,583
Total liabilities		329,590	307,583
Net assets		180,102	230,986
Equity			
Issued capital	12	32,168,532	32,168,532
Reserves	13	46,757	46,757
Accumulated losses		(33,119,552)	(33,046,464)
Deficiency in equity attributable to the owners of BioDiem Limited		(904,263)	(831,175)
Non-controlling interest	14	1,084,365	1,062,161
Total equity		180,102	230,986

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

BioDiem Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2021	32,168,532	46,757	(32,849,746)	908,901	274,444
Loss after income tax expense for the year	-	-	(196,718)	(86,877)	(283,595)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	(196,718)	(86,877)	(283,595)
Transactions with owners in their capacity as owners:					
Contribution of equity (note 14)	-	-	-	240,137	240,137
Balance at 30 June 2022	32,168,532	46,757	(33,046,464)	1,062,161	230,986

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2022	32,168,532	46,757	(33,046,464)	1,062,161	230,986
Loss after income tax expense for the year	-	-	(73,088)	(80,140)	(153,228)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	(73,088)	(80,140)	(153,228)
Transactions with owners in their capacity as owners:					
Contribution of equity (note 14)	-	-	-	102,344	102,344
Balance at 30 June 2023	32,168,532	46,757	(33,119,552)	1,084,365	180,102

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

BioDiem Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Cash receipts in course of operations		419,108	729,155
Cash payments in course of operations		(549,243)	(647,510)
		(130,135)	81,645
Interest received		114	2
Government grants received		-	29,210
Net cash (used in)/from operating activities	24	(130,021)	110,857
Cash flows from investing activities			
Proceeds from term deposit		56,096	-
Net cash from investing activities		56,096	-
Cash flows from financing activities			
Proceeds from exercise of options		-	30,000
Proceeds from issue of shares to non-controlling interest in the subsidiary	14	87,344	210,137
Funds received in advance	11	-	16,500
Refund of funds received for capital raising	11	-	(147,580)
Repayment of premium financing		-	(107,570)
Net cash from financing activities		87,344	1,487
Net increase in cash and cash equivalents		13,419	112,344
Cash and cash equivalents at the beginning of the financial year		403,934	280,356
Effects of exchange rate changes on cash and cash equivalents		7,697	11,234
Cash and cash equivalents at the end of the financial year		425,050	403,934

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

BioDiem Limited
Notes to the financial statements
30 June 2023

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 2023. 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'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 6 November 2023. 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 has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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 $153,228 (2022: $283,595 net loss after tax) and had net operating cash outflows of $130,021 (2022: net inflows of $110,857) for the financial year ended 30 June 2023. 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 $180,102 (30 June 2022: $230,986), including cash and cash equivalent assets of $425,050 (30 June 2022: $403,934), and the expectation of Group's ongoing ability to secure additional sources of financing successfully. 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 payments for private market sales of LAIV influenza vaccine in territories licensed to Serum.
- 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 August 2020. A milestone payment of USD $284,000 (before tax) was received in February 2023.
- Forgiveness of directors fees paid to current and former directors of Opal of $54,794 and the agreement of directors agreed not to receive any directors fees from 1 May 2022.
- 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.
- On 18 July 2023, Opal announced it has been awarded an Investment Attraction Fund grant of $5 million by the Government of Western Australia (WA). The grant requires matched funding over the 5 year period of the project.
- On 1 September 2023, the Opal announced its Information Memorandum to raise up to $2.5 million through the issue of 10,000,000 new Shares at $0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of $0.25 (25 cents) and expiring October 2025.
- During the year, Opal raised a total of $133,181 in proceeds relating to the exercise of 1,768,746 options in Opal, with 1,765,746 of the options exercisable at $0.075 (7.5 cents) each, expiring 20 September 2022, and 3,000 of the options exercisable at $0.25 (25 cents) each, expiring 30 November 2022. In addition, $87,568 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

Note 2. Significant accounting policies (continued)

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.

The ability of the consolidated entity to continue as a going concern will be dependent on the ability of the consolidated entity's ability to:

- raise additional capital when required;
- curtail operating expenditure when required;
- continue to execute its licensing agreements and receipt of royalty income in the future periods; and/or
- be successful in receipt of funds from grant applications.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Although it is not certain that these efforts will be successful, management has determined that the activities it will take are sufficient to mitigate the material uncertainty on the entity's ability to continue as a going concern and be able to discharge its liabilities in the normal course of business.

The annual report has been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

There is a material uncertainty that the Consolidated Entity will be able to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

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' 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 2023 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'.

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

Note 2. Significant accounting policies (continued)

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

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

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. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

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 recognises revenue as follows:

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

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

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.

Note 2. Significant accounting policies (continued)

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 2023. 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.

Consulting fee
These revenues are earned as a fixed fee on a monthly basis as services rendered under contract over time.

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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 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.

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.

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.

Note 2. Significant accounting policies (continued)

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 or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 2. Significant accounting policies (continued)

Convertible preference shares
Convertible preference shares are separated into liability and equity components based on the terms of the contract. If the terms and conditions of the convertible preference shares meet the definition of equity, convertible preferences shares on issue are classified as equity.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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.

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.

Revenue from milestone and royalties
When recognising revenue in relation to milestone and royalties, milestone income is recognised on the first commercial sale, being a point in time when the milestone payment is due and payable. The royalty obligation is met at a point in time when the vaccine sales have been achieved and the amount is calculated according to the relevant commercial contracts.

Note 4. Revenue

	Consolidated 2023 $	Consolidated 2022 $
Milestone revenue	422,675	374,975
Tax on milestone and royalty revenue	(63,567)	(50,588)
	359,108	324,387
Other revenue		
Consulting fees *	60,000	78,797
Revenue	419,108	403,184

* Of the $60,000 (2022: $78,797) consulting fees during the year ended 30 June 2023, $60,000 (2022: $70,000) related to advisory services provided by consolidated entity to a health precinct development project in NSW.

Note 5. Other income

	Consolidated 2023 $	Consolidated 2022 $
Net foreign exchange gain	7,967	11,234
Government grant received - COVID incentive	-	9,737
Interest income	137	274
Forgiveness of directors' fees of Opal *	-	54,794
Other income	8,104	76,039

* During the year ended 30 June 2022, pursuant to an agreement between the company and its non-executive directors ("the directors"), the directors agreed to forgive all the fees accrued as at 30 April 2022. The directors did not receive any directors fees from 1 May 2022, and the directors agreed not to receive any directors fees for the year ended.

Note 6. Expenses

	Consolidated 2023 $	Consolidated 2022 $
Loss before income tax includes the following specific expenses:		
Employee Benefits Expense		
Wages and salaries	221,818	221,460
Superannuation	23,291	20,146
Decrease in annual leave provision	(4,926)	(2,907)
Increase in long service leave provision	5,317	7,457
Total	245,500	246,156

Note 7. Trade and other receivables

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Trade receivables	12,183	11,001
Interest receivable	129	106
GST receivable	11,007	9,861
	23,319	20,968

There are no receivables past due and not impaired (2022: $nil).

Note 8. Other assets

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Prepayments	13,183	9,431
Short term deposits	48,140	104,236
	61,323	113,667

As at 30 June 2023, the Company held one short term deposit amounting to $48,140 (2022: $104,236). The deposit was held in supporting the bank guarantee.

Note 9. Trade and other payables

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Trade payables	60,168	84,730
Other payables	106,048	44,870
	166,216	129,600

Refer to note 16 for further information on financial instruments.

Note 10. Employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Annual leave provision	102,085	107,011
Long service leave provision	59,789	54,472
	161,874	161,483

Note 11. Fund received in advance

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Fund received in advance	1,500	16,500

The balance as at 30 June 2023 represents residual funds to be refunded to investors subsequent to the year end. The balance as at 30 June 2022 represents the funds received from investors for exercise of options, of which 200,000 shares at $0.075 each were issued in the financial year 2023.

Note 12. Issued capital

	Consolidated 2023 Shares	Consolidated 2022 Shares	Consolidated 2023 $	Consolidated 2022 $
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. As at 30 June 2023 and 30 June 2022, the Convertible Preference Shares met the definition of equity and were classified as equity.

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

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

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

The capital risk management policy remains unchanged from the 2022 Annual Report.

Note 13. Reserves

	Consolidated 2023 $	Consolidated 2022 $
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.

Note 14. Non-controlling interest

	Consolidated 2023 $	Consolidated 2022 $
Issued capital- Opal	1,857,638	1,755,294
Accumulated losses	(773,273)	(693,133)
	1,084,365	1,062,161

Details	Date	Shares	Issue Price	$
At	01/07/2021	19,750,177	$0.000	2,015,157
Placement (note 22)	20/09/2021	3,333,332	$0.075	250,000
Exercise of options	17/02/2022	333,333	$0.075	25,000
Exercise of options	08/04/2022	66,667	$0.075	5,000
As at 30 June 2022 and 1 July 2022		23,483,509		2,295,157
Exercise of options	21/07/2022	200,000	$0.075	15,000
Exercise of options	20/09/2022	1,565,746	$0.075	117,431
Placement (note 22)	15/11/2022	1,167,583	$0.075	87,568
Exercise of options	30/11/2022	3,000	$0.250	750
As at 30 June 2023		26,419,838		2,515,906

During the financial year, Opal issued 1,565,746 ordinary shares at $0.075 per share raising $250,000 from exercise of options, of which 531,485 shares ($39,861) were issued to the Company; and issued 1,167,583 ordinary shares at $0.075 per share raising $87,568 from a placement, of which 1,047,251 shares ($78,544) were issued to the Company.

Note 15. Dividends

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

Note 16. 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 undertakes currently undertakes very few transactions denominated in foreign currency and therefore is exposed to little foreign currency risk through foreign exchange rate fluctuations.

Note 16. Financial instruments (continued)

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 is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to significant interest rate risk.

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

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

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 consolidated entity's receivables are past their due date.

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

Consolidated - 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	166,216	-	-	-	166,216
Fund received in advance	-	1,500	-	-	-	1,500
Total non-derivatives		167,716	-	-	-	167,716

Note 16. Financial instruments (continued)

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	129,600	-	-	-	129,600
Fund received in advance	-	16,500	-	-	-	16,500
Total non-derivatives		146,100	-	-	-	146,100

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

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

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd and Grant Thornton Audit Pty Ltd (resigned as auditor on 15 August 2023) (2022: Grant Thornton Audit Pty Ltd), the auditor of the Company:

	Consolidated 2023 $	Consolidated 2022 $
Audit or review of the financial statements		
Grant Thornton Audit Pty Ltd (Audit and review fees at 31 December 2021 & 30 June 2022)	11,000	56,200
Audit or review of the financial statements		
William Buck Audit Pty Ltd (Audit and review fees at 31 December 2022 & 30 June 2023)	40,000	-
	51,000	56,200

Note 18. 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 2023 $	Consolidated 2022 $
Bank guarantees	13,750	13,750

As at 30 June 2023, the Company held one short term deposit amounting to $48,140 (2022: $104,236). The deposit was held in supporting the bank guarantee.

Note 19. Commitments

There are no commitments for 2023 (2022: Nil).

Note 20. Related party transactions

Parent entity
BioDiem Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

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

	Consolidated	
	2023 $	2022 $
Key management personnel compensation:		
Short-term employee benefits	221,818	221,460
Post-employee benefits	23,291	20,146
Directors fees	27,500	10,750

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 $64,406 (2022: $63,669) to the Institute. During the financial year, the Company paid $30,500 (2022: $30,500) in consulting Fees to Prof Rudenko.

Since February 2018, Opal Biosciences Limited has held a service agreement with the parent entity, Biodiem Limited, and paid a monthly fee for operation and management support. This agreement is subject to annual review and reassessment. The latest reassessment in February 2022 updated the fee to $10,394 plus GST per month, from the prior amount of $16,975 plus GST per month.

Pursuant to an agreement between Opal and its non-executive former non-executive directors ("the directors"), the directors agreed to forgive all the fees accrued as at 30 April 2022. The Opal directors received no directors' fees from 1 May 2022 until further notice.

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 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $	2022 $
Profit/(loss) after income tax	19,862	(87,710)
Total comprehensive income/(loss)	19,862	(87,710)

Note 21. Parent entity information (continued)

Statement of financial position

	Parent	
	2023	**2022**
	$	**$**
Total current assets	1,038,534	464,122
Total assets	1,038,534	464,122
Total current liabilities	274,588	277,388
Total liabilities	274,588	277,388
Equity		
Issued capital	32,168,533	32,168,532
Share-based payments reserve	46,757	46,757
Accumulated losses	(31,451,344)	(32,028,555)
Total equity	763,946	186,734

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 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022, other than as mentioned below.

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 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, 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 22. 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:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2023 %**	**2022 %**
Savine Therapeutics Pty Ltd	Australia	100.00%	100.00%
Opal Biosciences Limited	Australia	55.30%	55.65%

BioDiem retains the majority shareholding of Opal due to its equity holding and continues to support Opal. Refer to note 14 for movement of shareholding of Opal.

Note 23. Events after the reporting period

On 18 July 2023, Opal announced it has been awarded an Investment Attraction Fund grant of $5 million by the State Government of Western Australia (WA). The grant is to support establishment of a manufacturing facility in Perth to develop and formulate the materials required for use in clinical trials particularly small batch manufacture of sterile injectables and vaccines. Material for preclinical studies will also be included. In addition, the project will recruit and train new staff in advanced sterile pharmaceutical manufacturing, regulatory and quality standards. The project includes internships and placement opportunities for PhD's and other higher education students to learn about sterile pharmaceutical manufacturing to international industry standards. The grant requires matched funding over the 5 year period of the project.

On 9 August 2023, Mr Fergus Mak Po Kan retired as the non-executive director.

On 1 September 2023, Opal announced its Information Memorandum to raise up to $2.5 million through the issue of 10,000,000 new Shares at $0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of $0.25 (25 cents) and expiring October 2025.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 24. Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Consolidated	
	2023	2022
	$	$
Loss after income tax expense for the year	(153,228)	(283,595)
Adjustments for:		
Foreign exchange differences	(7,697)	(11,234)
Write off of directors fee	-	(54,794)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,349)	349,729
Decrease/(increase) in prepayments	(3,752)	134,341
Increase/(decrease) in trade and other payables	36,614	(38,411)
Increase in employee benefits	391	14,821
Net cash (used in)/from operating activities	(130,021)	110,857

Note 25. 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 2023 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.

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 will lapse after 30 September 2023.

Note 25. Share-based payments (continued)

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.

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

2023

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	$0.000	666,667	-	-	-	666,667
08/10/2013	30/09/2023	$0.000	666,667	-	-	-	666,667
08/10/2013	30/09/2023	$0.000	666,666	-	-	-	666,666
			2,000,000	-	-	-	2,000,000

2022

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

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

Grant date	Expiry date	2023 Number	2022 Number
08/10/2013	30/09/2023	2,000,000	2,000,000
		2,000,000	2,000,000

BioDiem Limited
Directors' declaration
30 June 2023

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's financial position as at 30 June 2023 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

Damien Hannes
Chairman

6 November 2023
Melbourne

BioDiem

Independent auditor's report to the members of BioDiem Limited

WilliamBuck
ACCOUNTANTS & ADVISORS

BioDiem Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of BioDiem Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 to the financial report, which indicates that the Group incurred a net loss of $153,228 for the year ended 30 June 2023 and had net cash outflows used in operations of $130,021. As stated in Note 2, these events or conditions, 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

WilliamBuck
ACCOUNTANTS & ADVISORS

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these financial statements 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 independent auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne, 6 November 2023

For more information, please visit:
www.biodiem.com

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