ANNUAL REPORT
30 JUNE 2020

WELLNESS AND BEAUTY SOLUTIONS LTD

ABN 43169177833

Wellness and Beauty Solutions Ltd
Contents
30 June 2020

General information

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

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

Registered office	Principal place of business
88 Herald Street Cheltenham Victoria 3192 Telephone: (03) 9532 2639	88 Herald Street Cheltenham Victoria 3192 Telephone: (03) 9532 2639

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2020. The directors have the power to amend and reissue the financial statements.

Directors	Julian Glynn (Chairman) Christine Parkes (Managing Director) Dr Naveen Somia (Non-Executive Director)
Company secretary	Justin Mouchacca
Registered office	88 Herald Street Cheltenham Victoria 3192 Telephone: (03) 9532 2639
Principal place of business	88 Herald Street Cheltenham Victoria 3192 Telephone: (03) 9532 2639
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford Victoria 3067 Telephone: (03) 9415 5000
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne Victoria 3000
Stock exchange listing	Wellness and Beauty Solutions Ltd shares are listed on the Australian Securities Exchange (ASX code: WNB)
Date of Annual General Meeting	The Company is proposing to hold its Annual General Meeting on 27 November 2020.

Wellness and Beauty Solutions Ltd
Chairman's letter to shareholders
30 June 2020

Dear Shareholders

The 2020 financial year has been a challenging period for much of Australia having faced the impact of bushfires over the summer months, and since then the global COVID-19 pandemic. Like many businesses, Wellness and Beauty Solutions (WNB) has been affected by these challenges, with consumer demand for lifestyle products adversely impacted.

It has also been a period of great opportunity for WNB to become a more focused and resilient business tapping into the rapidly growing wellness and lifestyle product segment and we are pleased with the expansion of our product portfolio and geographic expansion. So, in many respects it has been a year of extreme opposites.

Since my appointment as WNB's Chairman in March 2020, the Senior Management team and I have spent considerable time working together to position the business to embark on its next stage of growth, particularly in light of the current economic challenges but also the longer-term "COVID – normal" practices expected to be an ongoing feature of the global environment.

While WNB has achieved a number of important strategic milestones in FY20, the impact of the repositioning strategy has not yet been significantly reflected in our financial results this past year, particularly with some key initiatives executed towards the end of the reporting period.

For the twelve months to 30 June 2020 (FY20), the Company's revenue was $10.68 million, an increase of 7.6% over the prior year. WNB's revenue performance was underpinned by revenue growth in our core Wellness and Lifestyle Products segment, supported by the acquisition of True Solutions Australia in August 2019. Overall revenues from this segment were however below the Company's expectations due to the difficult trading environment.

To address this, we have focused on expanding distribution and sales channels for our core The Giving Brands Company (GBCo) and True Solutions (TSA) product range. Several new sales channels and distribution agreements were executed, particularly in the latter part of FY20.

As part of the early response to the COVID-19 pandemic, and to support unprecedented community demand for hygiene products, our Management team were quick to design and launch a proprietary range of anti-bacterial products under the MICRO19 brand name. We established a 50/50 JV with strategic partners to facilitate the rapid manufacture of MICRO19, with WNB to provide the brand management and distribution services. First revenues from MICRO19 were received in the fourth quarter of FY20 and the outlook for the brand is very strong. Demand for hygiene products is expected to maintain its strong momentum and be a long-term feature of consumer behaviour. Subsequent to the reporting period, we also executed a $3 million exclusive distribution agreement to supply MICRO19 to the transport and infrastructure industries, supporting growth of the sales pipeline into FY21.

In May 2020, GBCo executed an important distribution agreement for its ELLE makeup, kids & baby ranges and MICRO19 in markets including Singapore, Malaysia and Hong Kong.

We announced in June 2020 that one of our flagship brands, *JBronze by Jennifer Hawkins,* will be stocked in 800+ Coles stores. TANNED was also launched into three of Chemist Warehouse's ULTRA stores and via its e-commerce portal as of February. These types of agreements and channels will be important growth drivers for WNB in FY21 and demonstrate the progress our Company is making in executing attractive growth opportunities for its core brand portfolio.

Disappointingly, and as we have previously flagged, revenues from the Company's Immersion Clinical Spa Network (Clinics) declined significantly in FY20 as the Clinics remained closed for much of the period due to the COVID-19 impacted environment. Given the on-going revenue issues projected in this segment, a $2.9M impairment charge was incurred in FY20 and the Board undertook a review process to explore options to extract value from the clinics' network. Following this review, and subsequent to the reporting period the WNB Board were pleased to sign a binding Business Sale Agreement to sell our Clinics' business on 21 September 2020. This divestment delivers strong cash flow benefits, both from the cash payment of $1.1M and from the significant cost relief due to release of lease liabilities, employee entitlements, and operational product costs totalling more than $2.5M per annum.

This is clearly important, as WNB incurred a net loss after tax of $11.79 million in FY20, a slight improvement from the net loss of $13.55 million reported in FY19 but below our expectations. In order to build a more sustainable and profitable business model, a significant cost reduction & HR restructuring program commenced in the final quarter of FY20. Some immediate cost savings were realised as was evidenced by the positive operating cash flow result achieved in the most recent quarter. Increased savings are expected to be realised as we progress through FY21.

We have also undertaken several financial restructuring measures in FY20, to improve our financial flexibility and put WNB in a better position to continue its ability to fund its future growth. We end the financial year with a significantly strengthened balance sheet, following two capital raisings during FY20 and an amended, more favourable agreement with WNB Convertible Note holders. A further $1.4 million of Convertible Notes were converted to equity during the period, reducing our outstanding liabilities.

To conclude, we are confident that the business is on the right path. We have executed a refocused business strategy over FY20, refreshed our Board & leadership team and restructured our cost base and balance sheet to put WNB on a more sustainable financial footing. The sales results we have seen this financial year to date (July and August 2020) are already showing strong growth on the previous six-months and are a promising indicator of the growth our core brand portfolio is expected to achieve.

I thank my fellow Board members for their commitment in FY20, as I do the whole WNB team who, without exception, faced these extraordinary times with professionalism, dedication, and flexibility. I also thank WNB's shareholders for their continued support. I look forward to updating shareholders of our continued progress in the coming year.

Yours sincerely

Julian Glynn
Chairman

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellness and Beauty Solutions Ltd (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 2020.

Directors

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

Julian Glynn (appointed director and Chairman 27 March 2020)
Christine Parkes
Dr Naveen Somia
Angelos Giannakopoulos (resigned 27 March 2020)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the provision of goods and services within the Australian beauty and wellness market, including:

- providing non-invasive cosmetic treatments; and
- the sale of complementary products.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $11,786,000 (30 June 2019: $13,552,000).

Operating Results

WNB reported revenue from continuing operations of $10.68 million in the 12 months to 30 June 2020 (FY20), an increase of 7.6% on the previous corresponding period (PCP) (FY19: $ 9.93 million).

The loss for the consolidated entity after providing for income tax amounted to $11.79 million (30 June 2019: $13.55 million). This result included the write down of $2.93 million of goodwill associated with the Company's clinic network. The loss was largely attributable to the impact of the NSW/VIC/SA bushfires and the COVID-19 pandemic on the Immersion Clinical Spa Network and to a lesser extent on the Company's Lifestyle Products.

Revenues from the Wellness and Lifestyle Product divisions - The Giving Brands Company (GBCo) and True Solutions Australia (TSA) during FY20 were $5.78 million, up from $1.29 million in FY19. The acquisition of TSA early in FY20 was a key contributor of this revenue growth. Underlying organic growth from the sale of GBCo and TSA products was below the Company's expectations due to the unprecedented difficult industry conditions and retail environment for lifestyle products over the period. The Lifestyle Products segment recorded a EBTDA loss of $2.5 million in FY20 (FY19: loss of $1.1M

During FY20, and as part of WNB's strategy to expand its product range, the Company launched a proprietary anti-bacterial product range - MICRO19. This was in response to the high demand for hand and surface spray sanitiser as a result of the COVID-19 pandemic. In May 2020, WNB established a 50/50 JV with strategic partners to facilitate the rapid scale-up of MICRO19. Revenues of $0.22 million (WNB JV share) were received in the last quarter of FY20. WNB has received expressions of interest from domestic and international retailers for MICRO19 and subsequent to the reporting period GBCo executed an exclusive distribution agreement with CARE Distributors (3-year term), with a minimum sales target of $3M, to supply product to the Australian transport and infrastructure industries.

Revenues from the Company's Immersion Clinical Spa Network in FY20 were $4.91 million, significantly below the pcp (FY19: $9.02 million) following extended COVID-19 related closures, particularly in Victoria. Following the continued reduction in operating revenues from this segment, a write-down of the Group's clinic network of $2.93 million was incurred during H1'20. As previously advised, WNB are currently considering options to extract value from this network.

In Q3'20, WNB, under its new Chairman Julian Glynn, announced cost reduction measures and efficiencies across the Company. On an annualised basis, these implemented measures are expected to save at least $0.4m across production, personnel, marketing, and professional services. Further savings are expected to occur into FY21, particularly as WNB executes its plans to consolidate marketing, digital and online retail channels.

The Company has strengthened its balance sheet in FY20 and as at 30 June 2020 had $1.04 million of cash on hand. In November 2019 and December 2019, WNB undertook a $6.0 million institutional placement and in May 2020 raised a further $1.52 million via a placement and Share Purchase Plan. During Q4'20, the Company also executed a Deed of Variation and Conversion with holders of unlisted convertible notes to convert $1.4 million of outstanding notes to shares and reached agreement to extend the term of the majority of the remaining notes from June 2020 to 15 October 2021 (principal value $1.6 million) with quarterly amortisations from October 2020.

WNB's business strategy is to expand sales and distribution of its core GBCo and TSA product range in FY21. In Q4'20, WNB announced new sales channels and expanded distribution for the ELLE and Jbronze ranges. In FY21 WNB will increase the promotion of its brands and support for retailers. A major upgrade and expansion of its online distribution channels is planned.

Review of operations

The Company achieved a number of key milestones during the 2020 Financial Year:

Share Placement

On 6 November 2019, the Company issued 45,843,109 fully paid ordinary shares to a number of existing and new institutional and sophisticated investors with an issue price of $0.01 (1 cent) per share, raising $458,431 (before costs). On 6 December 2019 an additional 554,156,891 fully paid ordinary shares were issued a number of existing and new institutional and sophisticated investors at a price of $0.01 (1 cent) per share, raising $5,541,568.91 to fund working capital for improvement of the clinic, growth of GBCo and to repay debt. On 6 December 2019 an additional issue of 50,000,000 fully paid ordinary shares were issued at a price of $0.01 (1 cent) per share as consideration for the purchase of assets of the True Solutions business.

On 11 May 2020, 163,244,000 fully paid ordinary shares were issued to institutional and sophisticated investors at $0.008 (0.8 cents) per share, raising $1,305,952 (before costs) (Placement). A further 27,750,000 fully paid ordinary shares were issued under a Share Purchase Plan offered to all shareholders, raising $222,000, with the same issue price as those fully paid ordinary shares issued through the Placement.

Acquisition of True Solutions

On 29 August 2019 the Company acquired the business (True Solutions) of skincare and beauty distributor True Solutions International Pty Ltd for total consideration of $500,000. As originally announced, this consideration was to comprise non-interest-bearing convertible notes, however the Company and vendor of True Solutions subsequently agreed that the consideration would comprise 50,000,000 fully paid ordinary shares in the Company with a deemed issue price of $0.01 (1 cent) per share. These shares were issued on 6 December 2019.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the consolidated entity took place during the financial year:

- on 18 July 2019, the Company secured a $4 million financing facility from Timelio Pty Ltd;
- on 29 August 2019, the Group acquired the business of skincare and beauty distributor True Solutions International for consideration of $500,000, which was settled by an issue of 50,000,000 fully paid ordinary shares to the True Solutions vendor at a price of $0.01 (1 cent) per share on 6 December 2019;
- during October 2019 the Company raised $6 million through an oversubscribed share placement to institutional and sophisticated investors. The Company issued 45,843,109 fully paid ordinary shares at $0.01 (1 cent) per share on 6 November 2019 to participants in the placement, and issued a further 554,156,891 fully paid ordinary shares at $0.01 (1 cent) per share on 6 December 2019.
- on 24 March 2020, the Company made the decision to close its nine Immersion Clinical Spas following social distancing rules introduced by the Federal Government due to the COVID-19 pandemic;
- on 27 March 2020, the Company appointed Mr Julian Glynn as Non- Executive Chairman replacing Mr Angelos Giannakopoulos;
- on 27 April 2020, the Company entered into a Deed of Variation and Conversion with holders of unlisted convertible notes for the conversion of 1,505,000 Convertible Notes into 100,333,333 shares (with a conversion price of $0.015 (1.5 cents) per note);
- On 11 May 2020, 163,244,000 fully paid ordinary shares were issued to institutional and sophisticated investors at $0.008 (0.8 cents) per share, raising $1,305,952 (before costs) (Placement). A further 27,750,000 fully paid ordinary shares were issued under a Share Purchase Plan offered to all shareholders, raising $222,000, with the same issue price as those fully paid ordinary shares issued through the Placement; and
- on 9 June 2020, the Company entered into a Deed of Variation with the majority of the remaining noteholders of the unlisted Convertible Notes. The key amendments relate to an extension of the term of the Convertible Notes to 15 October 2021 and redemption of 10% of the relevant Notes is to occur every three months from 15 October 2020 until the final redemption date.

Matters subsequent to the end of the financial year

On 17 August 2020, the Company announced that it had entered into a Distribution Agreement with CARE Distributors, a specialist supplier of automotive and industrial products in Australia, for a 3 year exclusive agreement to distribute MICRO19 hand sanitiser to the Australian transport and infrastructure industries.

On 26 August 2020, the Company announced that it had agreed to settle an outstanding loan of $191,271, provided by Hennessey Capital Partners Pty Ltd (HCP), through the issue of fully paid ordinary shares with an issue price of $0.008 (0.8 cents) per share. The Company issued 23,908,890 fully paid ordinary shares on 27 August 2020 to settle the outstanding debt.

On 26 August 2020, the Company announced that it entered into a Business Sale Agreement to acquire the Organic Nation business for initial consideration of $250,000 in scrip, cash payment of stock expected to be $147,146 and the remainder subject to a performance milestone in Year 1, to a maximum of $300,000. The Company issued 35,714,286 fully paid ordinary shares with a deemed issue price of $0.007 (0.7 cents) per share on 27 August 2020 with a 12 month voluntary escrow placed on the shares.

Organic Nation owns an extensive range of organic cosmeceuticals, which are currently sold in more than 100 clinic outlets in Australia and Canada. Organic Nation’s products fuse nature with cosmeceutical ingredients. Organic Nation products will be sold through the TSA distribution network. WNB expects Organic Nation to contribute approximately $250K in revenue for the remainder of FY21, with significant growth forecast in the coming years as the benefits of selling through a Company brand network is fully realised (versus third party distributors). Organic Nation’s revenue is forecast to grow to around $1 million, on an annualised basis in the medium term.

The Organic Nation Founders, George and Vanessa Jilly, will join the WNB team as General Manager of Brand Development & Creative (True Solutions AU) and True Solutions product trainer respectively.

On 21 September 2020, the Company announced that it had entered into a Business Sale Agreement (BSA) with Aesthetica Group Pty Ltd in relation to the sale of the consolidated entity’s Immersion Clinical Spas (Clinics). The sale price of the Clinics was $1.1M with $550k to be received on completion and $550k in July 2021. The BSA includes conditions precedent to the sale and completion is expected to occur in October 2020.

Matters subsequent to the end of the financial year (continued)

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

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity is well positioned to grow to be a key player in the Australian beauty, wellness and lifestyle brands sector and is well placed to capitalise on the fast-growth pro-aging (positive aging) and beauty industry globally.

The Company's strategy in FY21 is focussed on the expansion of the sales and distribution of its core GBCo and TSA product range, including MICRO19. Careful cost management will also remain a key focus as the Company moves towards a lower cost and sustainable business model.

Sales revenue per month for the Wellness & Lifestyle Products segment (GBCo and TSA) for July and August 2020 are strongly up on sales for the previous 6-months (January-June 2020) despite the ongoing COVID-19 challenges.

The Company is also currently considering divestment options for its Immersion Clinical Spa Network and expects to realise value from these assets in FY21.

Environmental regulation

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

Information on directors

Name:	**Julian Glynn (Non-Executive Chairman 30 March 2020)**
Title:	Chairman
Qualifications:	BSc; BEc; GAICD
Experience and expertise:	Mr Glynn has had significant experience as an investment banker with leading investment and commercials banks. His expertise was in mergers and acquisitions, restructuring and turnarounds. He has also been the Chief Financial Officer of an ASX listed company. Mr Glynn has also had many years' experience as a non-executive director including in manufacturing, technology start-ups, Government Statutory Authorities and Not-for-Profit organisations. Mr Glynn has also had long experience as an Army Reservist, including as an overseas Peacekeeper and in support of bushfire recoveries.
Other current directorships:	Adfomo Pty Ltd (non-executive) Sherpa Pty Ltd (non-executive) Talbot Partners Pty Ltd
Former directorships (last 3 years):	Askin Holdings Pty Ltd Xflam Australia Pty Ltd Bondor New Zealand Pty Ltd
Interests in shares:	None

Name:	**Christine Parkes**
Title:	Managing Director
Experience and expertise:	Mrs Parkes has built a reputation in the cosmetic and skincare industry over a 20+ year period and is recognised for brand management, new product development and rebranding. Christine has a strength in strategic marketing, import and export supply, registration and compliance requirements. Along with Mrs Parkes' experience in cosmetic and skincare manufacturing, she combines her knowledge and experience with an extensive global network of key influencers in the cosmetics and skincare industries to develop, launch, support and grow brands within the retail sector. Mrs Parkes previously owned a boutique cosmetic and skincare manufacturing company providing invaluable knowledge of the technical and manufacturing processes needed to create, manufacture and distribute cosmetic, skincare and wellness products in domestic and international markets.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	51,725,552 fully paid ordinary shares

Name:	**Dr Naveen Somia**
Title:	Non- Executive Director
Qualifications:	MBBS, PhD, FRACS
Experience and expertise:	Dr Naveen Somia is a Fellow of the Royal Australasian College of Surgeons and a member of the Australian Society of Plastic Surgeons (ASPS), the peak body of Specialist Plastic Surgeons in Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Audit & Risk Committee - Chair; Remuneration & Nomination Committee - Chair
Interests in shares:	None

Name:	**Angelos Giannakopoulos (resigned director and Chairman 30 March 2020)**
Title:	Chairman
Qualifications:	B.Bus. (Banking & Finance)
Experience and expertise:	Mr Giannakopoulos has significant expertise and business experience arising from his work across capital markets and various industries as a prominent financier and holder of a number of leadership executive roles within the finance industry. He is currently the Victorian and South Australian State Manager for private wealth management firm Ord Minnett, was previously Global Head of Equities for ANZ Banking Group and has also held executive leadership positions with Treasury Corporation of Victoria and the Transport Superannuation Board.
Other current directorships:	N/A, as is no longer a director at the date of this report
Former directorships (last 3 years):	N/A, as is no longer a director at the date of this report
Interests in shares:	N/A, as is no longer a director at the date of this report

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

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

Company secretary

Mr Justin Mouchacca, CA FGIA

Mr Mouchacca holds a Bachelor of Business majoring in Accounting. Justin became a Chartered Accountant in 2011 and since July 2019 has been a principal of JM Corporate Services Pty Ltd, specialising in outsourced company secretarial and financial duties. Justin has over 13 years' experience in the accounting profession including 5 years in the Corporate Secretarial professions and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange.

Meetings of directors

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

	Full Board	
	Attended	Held
Angelos Giannakopoulos	7	7
Christine Parkes	9	10
Dr Naveen Somia	10	10
Julian Glynn	3	3

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

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

Principles used to determine the nature and amount of remuneration

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

The remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors are reviewed by the Board as a whole. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

At present, given the number and mix of directors, the Board does not hold separate Committee meetings.
In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

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

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

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

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

The Company has established a Long Term Incentive Plan (LTIP) that allows for the award of performance-related rights (‘Rights’) subject to the LTIP Rules. The Plan is designed to assist in the motivation, retention and reward of the Company’s Directors and senior executives. In addition, the Plan is designed to align the interests of Directors and senior executives more closely with the interests of shareholders.

To date, no rights have been granted pursuant to the LTIP. The Board will continue to monitor shareholder value and may issue rights under the Plan when considered appropriate.

Consolidated entity performance and link to remuneration
The remuneration of the Managing Director is directly linked to the performance of the consolidated entity. The amount of the Managing Director's cash bonus is dependent on the consolidated entity meeting or exceeding Board-approved forecasts.

Voting and comments made at the company's 28 November 2019 Annual General Meeting ('AGM')
At the 28 November 2019 AGM, 98.47% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

The key management personnel of the consolidated entity consisted of the following directors of Wellness and Beauty Solutions Ltd:
- Julian Glynn (appointed Non-executive Chairman 27 March 2020)
- Christine Parkes (appointed Managing Director 27 September 2018)
- Dr Naveen Somia (appointed Non-executive Director 1 October 2016)
- Angelos Giannakopoulos (appointed Non-executive Director and Chairman 10 December 2018, resigned 27 March 2020)

And the following person:
- Rodney Kitchin (appointed Chief Financial Officer 01 February 2020, resigned 15 June 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
30 June 2020	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Angelos Giannakoploulos (a)	80,205	-	-	-	-	-	80,205
Dr Naveen Somia (b)	40,000	-	-	-	-	-	40,000
Julian Glynn (c)	14,261	-	-	1,354	-	-	15,615
Executive Directors:							
Christine Parkes (d)	285,979	62,500	22,465	23,564	-	-	394,508
Other Key Management Personnel:							
Rodney Kitchen (e)	70,833	-	-	6,301	-	-	77,134
	491,278	62,500	22,465	31,219	-	-	607,462

(a) Appointed 10 December 2018, resigned 27 March 2020
(b) Appointed 1 October 2016
(c) Appointed 27 March 2020
(d) Appointed 27 September 2018
(e) Appointed 03 February 2020, resigned 15 June 2020

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
30 June 2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Angelos Giannakopoulos (a)	50,000	-	-	-	-	-	50,000
Mr Ken Poutakidis (b)	-	-	-	-	-	-	-
Dr Naveen Somia (c)	40,000	-	-	-	-	-	40,000
Paul Fielding (d)	14,208	-	-	-	-	-	14,208
Executive Directors:							
Christine Parkes (e)	202,037	50,000	14,497	22,711	-	-	289,245
Other Key Management Personnel:							
Tim Smith (f)	66,923	-	-	6,358	5,148	-	78,429
Chris Adnams (g)	85,706	-	-	8,142	4,871	-	98,719
Kerstin Grant (h)	86,641	-	-	16,017	82,068	-	184,726
Liza Juegan (i)	71,046	-	-	18,624	142,236	-	231,906
	616,561	50,000	14,497	71,852	234,323	-	987,233

(a) Appointed 10 December 2018, resigned 27 March 2020
(b) Appointed 27 August 2018 and resigned 10 December 2018. As agreed, he did not charge a fee for his director services and therefore did not receive any remuneration.
(c) Appointed 1 October 2016
(d) Resigned 27 September 2018
(e) Appointed 27 September 2018
(f) Appointed 18 February 2019, resigned 30 June 2019
(g) Appointed 5 December 2018, resigned 31 May 2019
(h) Ceased 27 September 2018
(i) Resigned 16 October 2018

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Non-Executive Directors:						
Angelos Giannakopoulos	100%	100%	-	-	-	-
Dr Naveen Somia	100%	100%	-	-	-	-
Ken Poutakidis	-	100%	-	-	-	-
Paul Fielding	-	100%	-	-	-	-
Julian Glynn	100%	-	-	-	-	-
Executive Directors:						
Christine Parkes	100%	100%	-	-	-	-
Other Key Management Personnel:						
Tim Smith	-	100%	-	-	-	-
Chris Adnams	-	100%	-	-	-	-
Kerstin Grant	-	100%	-	-	-	-
Liza Juegan	-	100%	-	-	-	-
Rodney Kitchin	100%	-	-	-	-	-

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

Name:	**Christine Parkes**
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	27 September 2018
Term of agreement:	4 Years
Details:	Total Fixed Annual Remuneration - $250,000. Where the executive remains in the employ of the Company for twelve (12) months, Total Fixed Annual Remuneration will increase to $300,000. Sign-on Bonus - $50,000. Short Term Incentive (STI) - STI to a maximum of 25% of annual salary if the Company meets or exceeds the forecast approved by the Board of the Company for each of the Financial Years ending: - 30 June 2019, - 30 June 2020, - 30 June 2021, and - 30 June 2022. Long Term Incentive (LTI) - The executive is eligible to participate in the Company's LTI plan. Notice period/termination entitlement - The Executive must give the Company 90 days' notice of cessation. The Company must give 12 months' notice if the Company terminates the executive's employment at any time before the Term, within the first three (3) years from the commencement date. The Company may elect to make payment in lieu of any unserved notice period. Employment may be ended immediately in certain circumstances including misconduct, incapacity and mutual agreement.

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

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2020.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Additional disclosures relating to key management personnel

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Angelos Giannakopoulos*	1,421,895	-	5,000,000	-	6,421,895
Christine Parkes	51,725,552	-	-	-	51,725,552
	53,147,447	-	5,000,000	-	58,147,447

* Resigned 27 March 2020

Loans to key management personnel and their related parties
At 30 June 2020 consolidated entity has an amount receivable from Managing Director Christine Parkes. The loan was advanced to her by The Giving Brands Company Pty Ltd (GBCo) prior to its acquisition by the Company. As at the end of the financial year the balance of the loan was $21,499 (2019: $26,597).

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Wellness and Beauty Solutions Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options
The following ordinary shares of Wellness and Beauty Solutions Ltd were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
6 December 2019	$0.15	16,200,000

Upon exercise, each option will entitle the holder to one fully paid ordinary share in the company at an exercise price, expiring 3 years from grant date.

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

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

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

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

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

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

Officers of the company who are former partners of RSM Australia Partners
There are no officers of the company who are former partners of RSM Australia Partners.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Auditor
RSM Australia Partners 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

Julian Glynn
Chairman

30 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Wellness and Beauty Solutions Limited and its controlled entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 30 September 2020
Melbourne, Victoria

Wellness and Beauty Solutions Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 30 June 2020 $'000	Consolidated 30 June 2019 $'000
Revenue from continuing operations	5	10,682	9,932
Other income	6	281	-
Interest revenue calculated using the effective interest method		6	35
Expenses			
Raw materials and consumables used		(5,894)	(4,105)
Contractor Expenses		(1,157)	(1,515)
Occupancy Expenses	7	(529)	(1,666)
Employee benefits expense	7	(4,800)	(5,153)
Depreciation and amortisation expense	7	(2,981)	(1,822)
Impairment of investments	7	(2,930)	(5,278)
Loss on disposal of assets		(309)	(209)
Advertising and Promotions		(1,263)	-
Loss on deferred consideration		-	(28)
Consulting Expenses		(637)	(819)
Other expenses		(1,809)	(2,023)
Finance costs	7	(581)	(590)
Loss before income tax (expense)/benefit from continuing operations		(11,921)	(13,241)
Income tax (expense)/benefit	8	135	(78)
Loss after income tax (expense)/benefit from continuing operations		(11,786)	(13,319)
Loss after income tax expense from discontinued operations	9	-	(233)
Loss after income tax (expense)/benefit for the year attributable to the owners of Wellness and Beauty Solutions Ltd	28	(11,786)	(13,552)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Wellness and Beauty Solutions Ltd		(11,786)	(13,552)
Total comprehensive income for the year is attributable to:			
Continuing operations		(11,786)	(13,552)
Discontinued operations		-	-
		(11,786)	(13,552)

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

	Note	Consolidated 30 June 2020 $'000	Consolidated 30 June 2019 $'000
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Wellness and Beauty Solutions Ltd			
Basic earnings per share	39	(2.00)	(4.63)
Diluted earnings per share	39	(2.00)	(4.63)
Earnings per share for loss from discontinued operations attributable to the owners of Wellness and Beauty Solutions Ltd			
Basic earnings per share	39	-	(0.08)
Diluted earnings per share	39	-	(0.08)
Earnings per share for loss attributable to the owners of Wellness and Beauty Solutions Ltd			
Basic earnings per share	39	(2.00)	(4.71)
Diluted earnings per share	39	(2.00)	(4.71)

Wellness and Beauty Solutions Ltd
Statement of financial position
As at 30 June 2020

	Note	Consolidated 30 June 2020 $'000	30 June 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	10	1,041	1,043
Trade and other receivables	11	830	298
Inventories	12	3,749	2,188
Other assets	13	136	714
Total current assets		5,756	4,243
Non-current assets			
Property, plant and equipment	14	753	1,970
Right-of-use assets	15	2,107	-
Intangibles	16	4,275	7,846
Other	17	267	376
Total non-current assets		7,402	10,192
Total assets		13,158	14,435
Liabilities			
Current liabilities			
Trade and other payables	18	3,771	2,865
Borrowings	19	1,641	2,473
Lease liabilities	20	625	-
Provisions	21	361	278
Contract liabilities	22	395	480
Total current liabilities		6,793	6,096
Non-current liabilities			
Borrowings	23	947	1,481
Lease liabilities	24	1,934	-
Deferred tax		292	371
Provisions	25	72	174
Total non-current liabilities		3,245	2,026
Total liabilities		10,038	8,122
Net assets		3,120	6,313
Equity			
Issued capital	26	45,681	36,710
Reserves	27	57	-
Accumulated losses	28	(42,618)	(30,397)
Total equity		3,120	6,313

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

Wellness and Beauty Solutions Ltd
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2018	25,854	-	(16,845)	9,009
Loss after income tax expense for the year	-	-	(13,552)	(13,552)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(13,552)	(13,552)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 26)	10,856	-	-	10,856
Balance at 30 June 2019	36,710	-	(30,397)	6,313

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2019	36,710	-	(30,397)	6,313
Adjustment for change in accounting policy	-	-	(435)	(435)
Balance at 1 July 2019 - restated	36,710	-	(30,832)	5,878
Loss after income tax benefit for the year	-	-	(11,786)	(11,786)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(11,786)	(11,786)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 26)	8,971	-	-	8,971
Share-based payments	-	57	-	57
Balance at 30 June 2020	45,681	57	(42,618)	3,120

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

Wellness and Beauty Solutions Ltd
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,024	11,392
Payments to suppliers and employees (inclusive of GST)		(15,721)	(18,055)
Interest received		5	14
Other revenue		150	-
Interest and other finance costs paid		(515)	(375)
Net cash used in operating activities	37	(5,057)	(7,024)
Cash flows from investing activities			
Payments for investments		-	(8)
Payments for property, plant and equipment	14	(119)	(236)
Payments for intangibles	16	(15)	(147)
Payments for security deposits		(40)	-
Proceeds from disposal of business		-	1,400
Proceeds from disposal of property, plant and equipment		-	10
Proceeds from release of security deposits		150	-
Net cash acquired on business acquisition		-	66
Net cash from/(used in) investing activities		(24)	1,085
Cash flows from financing activities			
Proceeds from issue of shares	26	7,528	8,391
Proceeds from borrowings		1,451	209
Proceeds from the issue of convertible notes		-	20
Share issue transaction costs		(438)	(422)
Repayment of borrowings		(2,837)	(1,450)
Repayment of lease liabilities		(625)	-
Net cash from financing activities		5,079	6,748
Net increase/(decrease) in cash and cash equivalents		(2)	809
Cash and cash equivalents at the beginning of the financial year		1,043	234
Cash and cash equivalents at the end of the financial year	10	1,041	1,043

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

Note 1. General Information

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

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

88 Herald Street
Cheltenham VIC 3192
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

New or amended Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 2. Significant accounting policies (continued)

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

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

Operating lease commitments as at 1 July 2019 (AASB 117)	1,215
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(212)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(433)
Inclusion of assumed lease extension periods in lease liability calculation, not included in previous commitment calculation	2,375
Right-of-use assets (AASB 16)	2,945
Lease liabilities - current (AASB 16)	(698)
Lease liabilities - non-current (AASB 16)	(2,682)
Reduction in opening retained profits as at 1 July 2019	(435)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Lease Liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Going Concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.
As disclosed in the financial statements, the consolidated entity incurred a loss of $11.79 million and had net cash outflows from operating activities of $5 million for the year ended 30 June 2020 As at that date the consolidated entity had net current liabilities of $1.04m.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- Management will continue to be focused on achieving the forecasted revenue growth of the consolidated entity through new and existing distribution arrangements;

- As disclosed in Note 36 Events after the Reporting Period, the Company had on 21 September 2020 entered into a Business Sale Agreement (BSA) with Aesthetica Group Pty Ltd to sell the consolidated entity's Immersion Clinical Spas (Clinics). The sale will generate cash consideration of $1.1M with $550k to be received on completion and $550k in July 2021. The BSA includes conditions precedent to the sale and completion is expected to occur in October 2020;

- On 27 August 2020, the Company had settled an outstanding current loan of $191,271, provided by Hennessey Capital Partners Pty Ltd, by way of issuance of 23,908,890 fully paid ordinary shares at an issue price of $0.008 per share; and

- Management expects to manage its operating expenditures prudently and in line with its budget for the next financial year.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Note 2. Significant accounting policies (continued)

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 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wellness and Beauty Solutions Ltd ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Wellness and Beauty Solutions Ltd 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.

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

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

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

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

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.

Note 2. Significant accounting policies (continued)

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

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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

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

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

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.

Wellness and Beauty Solutions Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 2. Significant accounting policies (continued)

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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

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

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

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

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

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

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

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

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

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

Note 2. Significant accounting policies (continued)

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

Computer equipment	33%
Clinic Equipment	20-25%
Leased clinic equipment	20-25%
Leasehold Improvements	10-15%
Motor Vehicles	15%
Right of use	15%-33%

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

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

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

Intangible assets

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

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Website
Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Trademarks and licences
Trademarks and licences are recognised at cost and are amortised using the straight-line method over their estimated useful lives, which range from 3 to 5 years. Trademarks and licences are carried at cost less accumulated amortisation and any impairment losses.

Note 2. Significant accounting policies (continued)

Development Expenditure
Expenditure attributed to the development of the entity's own end to end operational and clinical software, "TESSA", is capitalised to the extent that it relates to the design, construction and testing. Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the project are expected to deliver future economic benefits and these benefits can be measured reliably.

Amortisation of development expenditure
Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Amortisation of the development expenditure commences from the date of first use over the effective life of the intangible asset.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

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.

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

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

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

Note 2. Significant accounting policies (continued)

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

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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.

Termination benefits
Termination benefits are recognised when a detailed plan of termination has been communicated to affected employees. They are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

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.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 2. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

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

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 2. Significant accounting policies (continued)

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Note 3. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into 2 operating segments based on the differences in products and services provided. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity operated predominantly in one geographical segment, Australia, which is the consolidated entity's country of domicile.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Clinical and Beauty Treatments	The provision of clinical, skin and wellness services provided via a national network of beauty and wellness clinics.
Sale of Wellness and Lifestyle Products	Brand Development, product manufacture and wholesale of a range of beauty products.

Intersegment transactions were not made during the reporting period.

Note 4. Operating segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 30 June 2020	Clinical and Beauty Treatments $'000	Wellness and Lifestyle Products $'000	Total $'000
Revenue			
Sales to external customers	4,906	5,776	10,682
Total segment revenue	4,906	5,776	10,682
Unallocated revenue:			
Interest Received			6
Total revenue			10,688
EBITDA	(1,226)	(2,535)	(3,761)
Depreciation and amortisation			(2,981)
Impairment of assets			(2,930)
Interest revenue			6
Finance costs			(581)
Unallocated expenses			(1,955)
Other income			281
Loss before income tax benefit			(11,921)
Income tax benefit			135
Loss after income tax benefit			(11,786)
Assets			
Segment assets	5,585	7,446	13,031
Unallocated assets:			
Plant & Equipment			54
Intangible assets			73
Total assets			13,158
Liabilities			
Segment liabilities	4,749	2,383	7,132
Unallocated liabilities:			
Borrowings - current			1,222
Provisions - current			95
Borrowings - non-current			935
Payables			654
Total liabilities			10,038

Note 4. Operating segments (continued)

Consolidated - 30 June 2019	Clinical and Beauty Treatments $'000	Wellness and Lifestyle Products $'000	Total $'000
Revenue			
Sales to external customers	9,023	1,285	10,308
Total segment revenue	9,023	1,285	10,308
Unallocated revenue:			
Interest Received			35
Total revenue			10,343
EBITDA	(737)	(1,128)	(1,865)
Depreciation and amortisation			(1,615)
Impairment of assets			(5,278)
Loss on disposal of discontinued operation			(209)
Interest revenue			35
Finance costs			(590)
Unallocated expenses			(3,952)
Loss before income tax expense			(13,474)
Income tax expense			(78)
Loss after income tax expense			(13,552)
Assets			
Segment assets	7,251	4,097	11,348
Unallocated assets:			
Plant and equipment			2,062
Other assets			64
Intangible assets			961
Total assets			14,435
Liabilities			
Segment liabilities	2,624	1,811	4,435
Unallocated liabilities:			
Borrowings - current			2,121
Provision - current			17
Borrowings - non-current			1,434
Payables			115
Total liabilities			8,122

Note 5. Revenue

	Consolidated	
	30 June 2020	**30 June 2019**
	$'000	**$'000**
From continuing operations		
Revenue from continuing operations	10,682	9,932

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

Major product lines		
Clinical and Beauty Treatments	4,906	8,647
Wellness and Lifestyle Products	5,776	1,285
	10,682	9,932
Timing of revenue recognition		
Goods transferred at a point in time	10,682	9,932

Sales from Treatments
Revenue from treatments are recognised when the treatment has been performed.

Wellness and Lifestyle Products
Revenue from the sale of products is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 6. Other income

Net foreign exchange gain	1	-
Government grants	175	-
Other Income	105	-
Other income	281	-

Note 7. Expenses

Loss before tax from continuing operations include the following specific expenses:

	Consolidated	
	30 June 2020 $'000	**30 June 2019 $'000**
Depreciation and amortisation expense		
Depreciation		
Leasehold Improvements	63	151
Clinic equipment	856	943
Clinic equipment - leased	59	202
Motor vehicles	-	1
Computer equipment	20	34
Office equipment	29	17
	1,027	1,348
Amortisation		
Development	924	319
Trademarks and licences	285	148
Formulations	8	7
Websites	18	-
	1,235	474
Right-of-use	719	-
	2,981	1,822
Impairment of Impairments		
Goodwill	2,930	5,278
Finance Costs		
Interest and finance charges paid/payable on lease liabilities	43	48
Other	538	542
	581	590
Employee benefits expense		
Employment benefits expense excluding superannuation	4,424	4,759
Defined contribution superannuation expense	376	394
	4,800	5,153
Occupancy Expenses		
Short Term Lease payments	283	-
Rent Expense	-	1,474
Repairs and maintenance	67	90
Utilities and other related occupancy expenses	179	102
	529	1,666

Note 8. Income tax benefit

	Consolidated	
	30 June 2020 **$'000**	**30 June 2019** **$'000**
(a) Income tax expense/(benefit)		
The major components of income tax benefit/ (expense) are:		
Current income tax on profit and loss		
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax assets	-	-
(Decrease) in deferred tax liabilities	(135)	(78)
Income tax benefit	(135)	(78)

(b) Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit from continuing operations	(11,921)	(13,241)
Loss before income tax (expense)/benefit from discontinued operations	-	(233)
	(11,921)	(13,474)
Tax at the statutory tax rate of 27.5%	(3,278)	(3,705)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	336	-
Entertainment expenses	3	-
Legal expenses	9	64
Impairment of goodwill	806	1,452
Other non-deductible expenses	12	11
Capital expenditure blackhole tax deduction	-	(147)
Other non-allowable items	16	135
Less:	-	-
- Borrowing expenses	(4)	-
- Legal expenses	(26)	-
- Cash flow boost	(48)	-
	(2,174)	(2,190)
Current year tax losses not recognised	2,039	2,112
Income tax benefit	(135)	(78)

Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	23,742	15,453
Potential tax benefit @ 27.5%	6,529	4,250

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

Following the acquisition of True Solutions (Aus) Pty Ltd, management is still assessing the extent of carried forward losses available to the consolidated entity. As at the date of this report, this assessment is not complete.

Note 8. Income tax benefit (continued)

	Consolidated 30 June 2020 $'000	Consolidated 30 June 2019 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Provision for leave entitlements	104	108
Provision for stock obsolescence	36	-
Property, plant and equipment	217	223
Leases	703	62
Others	110	147
	1,170	540
Deferred tax liability not recognised comprises temporary differences attributable to:		
Right-of-use	(624)	-
Other	(11)	(57)
	(635)	(57)
	535	483

Note 9. Discontinued operations

Description

During the year ended 30 June 2019 the consolidated entity sold three clinics:

- The Peninsula clinic (VIC) was sold on 10 August 2018 for consideration of $300,000 resulting in a gain on disposal before income tax of $97,000.
- The Port Melbourne (VIC) clinic was sold on 31 August 2018 for consideration of $300,000 resulting in a loss on disposal before income tax of $134,000.
- The Chatswood (NSW) clinic was sold on 31 August 2018 for consideration of $800,000 resulting in a loss on disposal before income tax of $29,000.

At the time the clinics were sold the consolidated entity's liquidity was weak. The sale of these clinics contributed cash to the ongoing operations of the consolidated entity and enable the consolidated entity to continue trading whilst additional capital was raised.

Note 9. Discontinued operations (continued)

Financial performance information

	Consolidated	
	30 June 2020 $'000	**30 June 2019 $'000**
Sales revenue	-	376
Raw materials and consumables used	-	(177)
Contractor Expenses	-	(84)
Occupancy Expenses	-	(94)
Employee benefits expense	-	(83)
IT & Communications	-	(14)
Depreciation and amortisation expenses	-	(64)
Consulting Expenses	-	(8)
Other Expenses	-	(19)
Total expenses	-	(543)
Loss before income tax expense	-	(167)
Income tax expense	-	-
Loss after income tax expense	-	(167)
Loss on disposal before income tax	-	(66)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(66)
Loss after income tax expense from discontinued operations	-	(233)

Cash flow information

Net cash used in operating activities	-	(113)

Carrying amounts of assets and liabilities disposed

Inventories	-	190
Other current assets	-	34
Property, plant and equipment	-	504
Intangibles	-	762
Total assets	-	1,490
Provisions	-	37
Total liabilities	-	37
Net assets	-	1,453

Note 9. Discontinued operations (continued)

Details of the disposal

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Total sale consideration	-	1,400
Carrying amount of net assets disposed	-	(1,453)
Disposal costs	-	(13)
Loss on disposal before income tax	-	(66)
Loss on disposal after income tax	-	(66)

Note 10. Current assets - cash and cash equivalents

Cash on hand	1,041	1,043

Note 11. Current assets - trade and other receivables

Trade receivables	666	113
Other receivables	11	32
Other accounts receivable	99	-
BAS receivable	54	153
	830	298

Allowance for expected credit losses
The consolidated entity did not recognise any allowance for expected credit losses in profit or loss for the year ended 30 June 2020 (2019: Nil) because management assessed the risk to be very low, as current debtors pay when due, with less then 2% exceeding 90 days; however the debtors do have payment plans in place.

Note 12. Current assets - inventories

Stock on hand - at cost	3,515	1,425
Less: Provision for impairment	(133)	-
	3,382	1,425
Injectable inventory at cost	167	337
Dermal inventory at cost	-	132
CoolSculpting® inventory at cost	200	294
	3,749	2,188

Note 13. Current assets - other assets

	Consolidated 30 June 2020 $'000	Consolidated 30 June 2019 $'000
Prepayments	136	564
Security deposits	-	150
	136	714

Note 14. Non-current assets - property, plant and equipment

Leasehold improvements - at cost	457	1,141
Less: Accumulated depreciation	(227)	(539)
	230	602
Plant and equipment - at cost	3,198	3,152
Less: Accumulated depreciation	(2,951)	(2,095)
	247	1,057
Plant and equipment under lease	1,500	1,500
Less: Accumulated depreciation	(1,326)	(1,267)
	174	233
Computer equipment - at cost	143	139
Less: Accumulated depreciation	(135)	(115)
	8	24
Office equipment - at cost	167	98
Less: Accumulated depreciation	(73)	(44)
	94	54
	753	1,970

Reconciliations

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

Consolidated	Leasehold Improvements $'000	Clinic Equipment $'000	Leased Clinic Equipment $'000	Computer Equipment $'000	Office Equipment $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2018	863	2,264	407	58	-	16	3,608
Additions	36	216	131	5	30	-	418
Additions through business combinations (note 35)	-	-	-	-	41	-	41
Disposals	(146)	(480)	(103)	(5)	-	(15)	(749)
Depreciation expense	(151)	(943)	(202)	(34)	(17)	(1)	(1,348)
Balance at 30 June 2019	602	1,057	233	24	54	-	1,970
Additions	-	46	-	4	69	-	119
Write off of assets	(309)	-	-	-	-	-	(309)
Depreciation expense	(63)	(856)	(59)	(20)	(29)	-	(1,027)
Balance at 30 June 2020	230	247	174	8	94	-	753

Note 15. Non-current assets - right-of-use assets

	Consolidated 30 June 2020 $'000	30 June 2019 $'000
Land and buildings - right-of-use	2,826	-
Less: Accumulated depreciation	(719)	-
	2,107	-

Additions to the right-of-use assets during the year were $2,826,000 upon the initial adoption of AASB 16 Leases as at 1 July 2019.

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between three to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 16. Non-current assets - intangibles

Goodwill - at cost	2,699	5,134
Development - at cost	1,498	1,498
Less: Accumulated amortisation	(1,244)	(320)
	254	1,178
Website - at cost	164	149
Less: Accumulated amortisation	(18)	-
	146	149
Trademarks and licences - at cost	1,556	1,472
Less: Accumulated amortisation	(485)	(200)
	1,071	1,272
Formulations	120	120
Less: Accumulated amortisation	(15)	(7)
	105	113
	4,275	7,846

Note 16. Non-current assets - intangibles (continued)

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

Consolidated	Goodwill $'000	Trademark and Licences $'000	Capitalised Development $'000	Formulations $'000	Websites $'000	Total $'000
Balance at 1 July 2018	8,971	12	-	-	-	8,983
Additions	2,204	1,408	1,497	120	149	5,378
Disposals	(763)	-	-	-	-	(763)
Impairment of assets	(5,278)	-	-	-	-	(5,278)
Amortisation expense	-	(148)	(319)	(7)	-	(474)
Balance at 30 June 2019	5,134	1,272	1,178	113	149	7,846
Additions	-	-	-	-	15	15
Additions through business combinations (note 35)	495	84	-	-	-	579
Impairment of assets	(2,930)	-	-	-	-	(2,930)
Amortisation expense	-	(285)	(924)	(8)	(18)	(1,235)
Balance at 30 June 2020	2,699	1,071	254	105	146	4,275

Goodwill has been allocated to cash generating units (CGU's) according to the business combination that gave rise to the goodwill.

During the year the consolidated entity has recognised goodwill as a result of the acquisition of the True Solutions International business. As mentioned in note 35 Business Combinations, these intangibles are being provisionally measured, pending management's finalisation of their acquisition accounting within the measurement period.

Impairment Testing
During the financial year the carrying amount of goodwill for the clinic CGU's exceeded its recoverable amount and therefore an impairment charge of $2.930 million has been recognised in the current financial year (June 2019: $5.278 million).

The recoverable amount of each CGU has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or CGUs is most sensitive. The following key assumptions were used in the discounted cash flow model for the clinical CGU.

- Average annual revenue growth rates of 4% determined with consideration to:
  (a) Actual revenue results in the previous 12 months.
  (b) The non-invasive cosmetic aesthetic market global growth expectations.
  (c) Management's expectations given recent investments into the clinics.
- Average annual increases of 3% in clinic labour (noting there is significant capacity for revenue growth at the current costs given the number of treatment rooms and the current utilisation of clinicians).
- Average annual increases of 3% in clinic facility costs and direct administrative and support costs.
- A perpetuity growth rate of 1% p.a.
- A weighted average cost of capital (WACC) pre-tax discount rate of 22% (June 2019: 22%) and a post-tax discount rate of 16% p.a. (June 2019: 16%p.a.). The WACC has been determined based on a range of factors and includes a premium for market expectations.

Note 16. Non-current assets - intangibles (continued)

The following key assumptions were used in the discounted cash flow model for the Giving Brands CGU.

- The average annual revenue growth rate of 113% determined with consideration to:
  (a) Actual revenue results in the previous 12 months with existing contracts.
  (b) Contracts with new customers anticipated to generate additional revenue, such as Woolworths, Coles, Thurston Agencies and eCare Distributors.
  (c) Contracts for brands to be launched in 2020, including Elle Make-Up, Elle Kids, Elle Baby, and Micro19.
- Average annual increase of 17% for employee costs to account for additional sales force staff.
- Average annual increases of 8% in direct administrative and support costs.
- A perpetuity growth rate of 3% p.a. based on industry growth and management expectations.
- A weighted average cost of capital (WACC) pre-tax discount rate of 25.5% p.a. (June 2019: 22%) and a post-tax discount rate of 20% p.a. (June 2019: 16% p.a.). The WACC has been determined based on a range of factors and includes a premium for market expectations.

The following key assumptions were used in the discounted cash flow model for the True Solutions CGU.

- Average annual revenue growth rates of 20% determined with consideration to:
  (a) Actual revenue results in the previous 12 months with existing contracts.
  (b) New brands to be launched in 2020-21.
- Average annual increases in direct administrative and support costs of 10%.
- A perpetuity growth rate of 3% p.a. based on industry growth and management expectations.
- A weighted average cost of capital (WACC) pre-tax discount rate of 25.5% p.a. and a post-tax discount rate of 20% p.a. The WACC has been determined based on a range of factors and includes a premium for market expectations.

Sensitivity
As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue for The Giving Brand Company would need to decrease by more than 25% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 11% for The Giving Brands Company before goodwill would need to be impaired, with all other assumptions remaining constant.
- Revenue for True Solutions would need to decrease by more than 29% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 55% for True Solutions before goodwill would need to be impaired, with all other assumptions remaining constant.

Note 16. Non-current assets - intangibles (continued)

Goodwill and intangibles with indefinite useful lives are allocated to the following cash generating units (CGU):

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Skinovate		
Goodwill	1,237	1,237
Impairment charge	(1,237)	(760)
	-	477
Heber Davis		
Goodwill	2,573	2,573
Impairment charge	(2,573)	(967)
	-	1,606
Rejuven8 Penrith		
Goodwill	700	700
Impairment charge	(700)	(486)
	-	214
Cozmedics		
Goodwill	7,122	7,122
Impairment charge	(7,122)	(6,489)
	-	633
Total Clinics	-	2,930
Giving Brands		
Goodwill	2,204	2,204
True Solutions		
Goodwill	495	-
Carrying amount at the end of the year	2,699	5,134

Note 17. Non-current assets - other

Security deposits	267	376

Note 18. Current liabilities - trade and other payables

Trade payables	2,522	1,908
Directors Fees Payable	158	115
Other payable & accruals	1,004	822
BAS payable	87	20
	3,771	2,865

Refer to note 30 for further information on financial instruments.

Note 19. Current liabilities - borrowings

	Consolidated	
	30 June 2020 $'000	**30 June 2019 $'000**
Borrowings - current	561	372
Convertible notes payable	1,016	2,000
Short term lease liabilities	64	101
	1,641	2,473

Refer to note 30 for further information on financial instruments.

The borrowings comprise a number of loans repayable within one year with interest rates ranging from 5.7% to 15.34%.

All loans are fixed interest loans. The loans are unsecured, with the exception of the $200,000 variable rate loan, which is secured by a general charge over the business and assets of The Giving Brands Company Pty Ltd.

Note 20. Current liabilities - lease liabilities

Lease liability	625	-

Refer to note 30 for further information on financial instruments.

Note 21. Current liabilities - provisions

Employee benefits	361	157
Onerous lease	-	121
	361	278

Note 22. Current liabilities - contract liabilities

Loyalty payable	294	345
Revenue received in advance	101	135
	395	480

Revenue recognised in the current reporting period that relates to carried-forward contract liabilities was $135,000 (2019: $141,000).

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $395,000 as at 30 June 2020 ($480,000 as at 30 June 2019). Management expects to recognise $395,000 as revenue in financial year 2021.

Note 23. Non-current liabilities - borrowings

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Convertible notes	935	1,276
Short term lease liabilities	12	46
Borrowings	-	159
	947	1,481

Refer to note 30 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

Convertible notes	935	1,276
Short term lease liabilities	12	46
Lease liability - Current	64	101
Other loan	183	200
Convertible notes - current	1,016	2,000
	2,210	3,623

Assets pledged as security
The convertible note is secured by CoolSculpting® equipment at cost, classified as Clinic Equipment in the consolidated entity's financial statements.

The terms of the convertible notes are below:
1. Interest rate is 10% of face value of notes (payable quarterly in arrears).
2. Noteholders are not able to redeem notes for cash until the end of the term of the notes.
3. Noteholders are able to convert notes into equity during the term of the notes, subject to shareholder approval.
4. Conversion rate is $0.10 per note.
5. The terms of the notes end in 2020-21 ($1,016,000) and 2021-22 ($935,000)
6. Repossession of clinic equipment under finance in event of default or breach
7. Security cash deposit in accordance with Deed of Set Off to be released over the life of the term. This security deposit has been recognised in receivables

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

The Other loan is secured by a general charge over the business and assets of The Giving Brands Company Pty Ltd

Note 24. Non-current liabilities - lease liabilities

Property lease liabilities	1,934	-

Refer to note 30 for further information on financial instruments.

Note 25. Non-current liabilities - provisions

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Employee benefits	72	71
Onerous lease	-	103
	72	174

Note 26. Equity - issued capital

	Consolidated			
	30 June 2020 Shares	30 June 2019 Shares	30 June 2020 $'000	30 June 2019 $'000
Ordinary shares - fully paid	1,288,557,112	351,620,733	45,681	36,710

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1-Jul-18	126,065,644		25,854
Placement to institutional and sophisticated investors	5-Oct-18	140,000,000	$0.05	7,000
Rights issue	8-Oct-18	27,829,537	$0.05	1,391
Issue of GBCo acquisition-related shares	8-Oct-18	51,725,552	$0.05	2,586
Issue of shares pursuant to ambassador agreement	26-Mar-19	2,000,000	$0.05	100
Issue of shares pursuant to ambassador agreement	12-Apr-19	2,000,000	$0.05	100
Issue of shares pursuant to ambassador agreement	3-May-19	2,000,000	$0.05	100
Capital raising costs		-	-	(421)
Balance	30 June 2019	351,620,733		36,710
Placement to institutional and sophisticated investors	6-Nov-19	45,843,109	$0.01	458
Issue of True Solutions acquisition-related shares	6-Dec-19	50,000,000	$0.01	500
Placement to institutional and sophisticated investors	6-Dec-19	554,156,891	$0.01	5,542
Con Notes	27-Apr-20	95,942,379	$0.015	1,439
Placement to institutional and sophisticated investors	14-May-20	163,244,000	$0.008	1,306
Issue of shares pursuant to Share Purchase Plan	12-Jun-20	27,750,000	$0.008	222
Capital raising costs		-	-	(496)
Balance	30 June 2020	1,288,557,112		45,681

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

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

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

Note 26. Equity - issued capital (continued)

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

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

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

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

Note 27. Equity - reserves

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Share-based payments reserve	57	-

Note 28. Equity - accumulated losses

Accumulated losses at the beginning of the financial year	(30,397)	(16,845)
Adjustment for change in accounting policy	(435)	-
Accumulated losses at the beginning of the financial year - restated	(30,832)	(16,845)
Loss after income tax (expense)/benefit for the year	(11,786)	(13,552)
Accumulated losses at the end of the financial year	(42,618)	(30,397)

Note 29. Equity - dividends

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

Note 30. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Financial assets		
Cash and cash equivalents	1,041	1,043
Security deposit	267	150
Other receivables	830	298
Total financial assets	2,138	1,491
Financial liabilities		
Payables	3,771	2,865
Convertible Notes	1,951	3,276
Borrowings	637	678
Lease liabilities	2,559	-
Total financial liabilities	8,918	6,819

Market risk

Price risk

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

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

During the years ended 30 June 2020 and 30 June 2019 the consolidated entity did not have any borrowings at variable rates, with the exception of a $200,000 interest free rate arising in the year ended 30 June 2020. The consolidated entity considers that the fair value interest rate risk arising from its fixed rate borrowings, and the risks arising from interest rate changes for its variable rate borrowings, are not material.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

Note 30. Financial instruments (continued)

ii) Other receivables
The consolidated entity does not have any material credit risk exposure for other receivables or other financial instruments. The security deposit receivable is in accordance with a deed of setoff in relation to clinic equipment financing.

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

The consolidated entity manages liquidity risk by maintaining adequate cash reserves 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 instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table represents 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 - 30 June 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	3,771	-	-	-	3,771
Other loans	-	200	-	-	-	200
Interest-bearing - fixed rate						
Other loans	10.98%	361	-	-	-	361
Convertible notes payable	10.00%	1,016	935	-	-	1,951
Lease liability	8.67%	64	12	-	-	76
Property lease liability	4.99%	625	474	1,104	356	2,559
Total non-derivatives		6,037	1,421	1,104	356	8,918

Consolidated - 30 June 2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	2,865	-	-	-	2,865
Interest-bearing - variable						
Other loans	5.73%	221	-	-	-	221
Interest-bearing - fixed rate						
Other loans	10.30%	151	159	-	-	310
Convertible notes payable	10.00%	2,000	1,276	-	-	3,276
Lease liability	12.10%	101	46	-	-	147
Total non-derivatives		5,338	1,481	-	-	6,819

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

Note 30. Financial instruments (continued)

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

Note 31. Key management personnel disclosures

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

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Short-term employee benefits	576,243	681,058
Post-employment benefits	31,219	71,852
Termination benefits	-	234,323
	607,462	987,233

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

Audit services - RSM Australia Partners		
Audit and half-year review of the financial statements	125,225	115,000

Note 33. Related party transactions

Parent entity
Wellness and Beauty Solutions Ltd is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 31 and the remuneration report included in the directors' report.

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

Payment for goods and services:		
Consulting fees paid to director-related party (1)	-	42,500
Payment for consultants (2)	-	48,000
Other transactions:		
Capital Costs (3)	-	360,000
Payment for motor vehicle purchase (4)	-	10,446
Payment for convertible note (5)	-	20,000

Note 33. Related party transactions (continued)

(1) Consulting fees paid to spouse of Paul Fielding, who was a director of the Company during the relevant period. Fees were paid to JMN Services Pty Ltd, a company related to Mr Fielding.
(2) Corporate advisory fees paid to Hennessey Capital Partners Pty Ltd (Hennessey Capital), which changed its name from Fielding Hill Pty Ltd. Paul Fielding, who was a director of the Company during the relevant period, was a director of Hennessey Capital.
(3) Capital raising fees paid to Hennessey Capital
(4) Mr Fielding purchased a motor vehicle for $10,446 from the Company on 26 September 2018. The written down value of the vehicle at the transaction date was $14,628.
(5) Receipt from Fielding Hill for convertible note application.

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

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

	Consolidated	
	30 June 2020 $	30 June 2019 $
Current receivables:		
Loan to key management personnel*	21,499	26,597

* At 30 June 2020 consolidated entity has an amount receivable from Managing Director Christine Parkes. The loan was advanced to her by The Giving Brands Company Pty Ltd (GBCo) prior to its acquisition by the Company. As at the end of the financial year the balance of the loan was $21,499 (2019: $26,597).

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

Note 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2020 $'000	30 June 2019 $'000
Loss after income tax	(8,883)	(12,202)
Total comprehensive income	(8,883)	(12,202)

Note 34. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2020	**30 June 2019**
	$'000	**$'000**
Total current assets	844	2,066
Total assets	14,613	10,954
Total current liabilities	4,301	4,518
Total liabilities	7,230	3,290
Equity		
Issued capital	45,681	36,710
Share-based payments reserve	57	-
Accumulated losses	(38,355)	(29,047)
Total equity	7,383	7,664

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 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

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 35. Business combinations

True Solutions
On 29 August 2019 the Company acquired the assets and business of True Solutions, in the business of skincare and beauty distributor True Solutions International Pty Ltd for total consideration of $500,000. As originally announced, this consideration was to comprise non-interest bearing convertible notes, however the Company and vendor of True Solutions subsequently agreed that the consideration would comprise 50,000,000 fully paid ordinary shares with an issue price of $0.01 (1 cent) per share in the Company. These shares were issued on 6 December 2019.

True Solutions distributes premium and scientifically validated professional and cosmeceutical skincare and makeup brands, along with medi-spa technologies including clinically-proven LED light therapy and micro-needling technology. Founded in 1992, the company supplies more than 1,000 professional aesthetic clinics, beauty salons and spas across Australia and New Zealand. The acquisition is expected to enhance the consolidated entity's product portfolio with a suite of professional use products and technologies, whilst also providing access to True Solutions' customer network as an additional distribution channel for the consolidated entity's brands. The acquired business contributed revenues of $3,110,000 and loss after tax of $553,000 to the consolidated entity for the period from 29 August 2019 to 30 June 2020. If the acquisition occurred on 1 July 2019, the full year contributions would have been revenues of $4,098,000 and loss after tax of $743,000.

As the acquisition occurred after the end of the financial year ended 30 June 2019, it is not reflected in the statement of financial position as at that date. However, in accordance with the disclosure requirements of AASB 3 Business Combinations details of the acquisition are set out as follows based on the consolidated entity's provisional assessment of the fair values of the assets and liabilities as at the date of the acquisition. Under Australian Accounting Standards, the consolidated entity has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The consolidated entity has already commenced this exercise to consider the fair value of intangible assets acquired. As at the date of this report, this assessment is not complete.

The goodwill of $495,000 represents the synergies expected to arise due to the extension of the consolidated entity's distribution into True Solutions' network of over 1,000 clinics, beauticians and spas while also enhancing the sales opportunities for True Solutions' suite of professional brands across consolidated entity's existing sales network.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	156
Plant and equipment	27
Formulations and developments costs	1
Employee benefits	(174)
Net assets acquired	10
Goodwill	495
Acquisition-date fair value of the total consideration transferred	505
Representing:	
Cash paid or payable to vendor	5
Wellness and Beauty Solutions Ltd shares issued to vendor	500
	505
Acquisition costs expensed to profit or loss	-

Note 36. Events after the reporting period

On 17 August 2020, the Company announced that it had entered into a Distribution Agreement with CARE Distributors, a specialist supplier of automotive and industrial products in Australia, for a 3 year exclusive agreement to distribute MICRO19 hand sanitiser to the Australian transport and infrastructure industries.

On 26 August 2020, the Company announced that it had agreed to settle an outstanding loan of $191,271, provided by Hennessey Capital Partners Pty Ltd (HCP), through the issue of fully paid ordinary shares with an issue price of $0.008 (0.8 cents) per share. The Company issued 23,908,890 fully paid ordinary shares on 27 August 2020 to settle the outstanding debt.

Organic Nation
On 26 August 2020, the Company announced that it entered into a Business Sale Agreement to acquire the Organic Nation business for initial consideration of $250,000 in scrip, cash payment of stock expected to be $147,146 and the remainder subject to a performance milestone in Year 1, to a maximum of $300,000. The Company issued 35,714,286 fully paid ordinary shares with a deemed issue price of $0.007 (0.7 cents) per share on 27 August 2020 with a 12 month voluntary escrow placed on the shares.

Organic Nation owns an extensive range of organic cosmeceuticals, which are currently sold in more than 100 clinic outlets in Australia and Canada. Organic Nation's products fuse nature with cosmeceutical ingredients. Organic Nation products will be sold through the TSA distribution network. WNB expects Organic Nation to contribute approximately $250K in revenue for the remainder of FY21, with significant growth forecast in the coming years as the benefits of selling through a Company brand network is fully realised (versus third party distributors). Organic Nation's revenue is forecast to grow to around $1 million, on an annualised basis in the medium term.

The Organic Nation Founders, George and Vanessa Jilly, will join the WNB team as General Manager of Brand Development & Creative (True Solutions AU) and True Solutions product trainer respectively.

Details of the acquisition are set out as follows based on the consolidated entity's provisional assessment of the fair values of the assets and liabilities as at the date of the acquisition.

	Fair Value $'000
Inventories	149
Net assets acquired	149
Goodwill	550
Acquisition-date fair value of the total consideration transferred	699
Representing:	
Wellness and Beauty Solutions Limited shares issued to Vendor	250
Cash payable to Vendor	149
Deferred cash payable to Vendor	300
	699
Acquisition costs expensed to profit or loss	40

Sale of Immersion Clinical Spa
On 21 September 2020, the Company announced that it had entered into a Business Sale Agreement (BSA) with Aesthetica Group Pty Ltd in relation to the sale of the consolidated entity's Immersion Clinical Spas (Clinics). The sale price of the Clinics was $1.1M with $550k to be received on completion and $550k in July 2021. The BSA includes conditions precedent to the sale and completion is expected to occur in October 2020.

Note 36. Events after the reporting period (continued)

COVID-19 Impact

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

No other matter or circumstance has arisen since 30 June 2020 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 37. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2020 $'000	**30 June 2019 $'000**
Loss after income tax (expense)/benefit for the year	(11,786)	(13,552)
Adjustments for:		
Depreciation and amortisation	2,981	1,679
Impairment of goodwill	2,930	5,278
Write off of non-current assets	-	87
Net loss on disposal of non-current assets	309	274
Share-based payments	57	273
Interest	66	103
Bad debts	-	28
Change in operating assets and liabilities:		
Decrease in trade and other receivables	195	73
Increase in inventories	(1,330)	(1,263)
Decrease/(increase) in prepayments	429	(627)
Increase in other operating assets	(69)	(42)
Increase in trade and other payables	1,244	334
Increase/(decrease) in other provisions	(5)	181
Increase in intangibles	-	(221)
Increase/(decrease) in deferred tax liabilities	(78)	371
Net cash used in operating activities	(5,057)	(7,024)

Note 38. Non-cash investing and financing activities

Shares issued in relation to business combinations	500	2,586

Note 39. Earnings per share

	Consolidated	
	30 June 2020 $'000	30 June 2019 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Wellness and Beauty Solutions Ltd	(11,786)	(13,319)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	589,691,709	287,896,051
Weighted average number of ordinary shares used in calculating diluted earnings per share	589,691,709	287,896,051
	Cents	**Cents**
Basic earnings per share	(2.00)	(4.63)
Diluted earnings per share	(2.00)	(4.63)
	$'000	**$'000**
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Wellness and Beauty Solutions Ltd	-	(233)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	589,691,709	287,896,051
Weighted average number of ordinary shares used in calculating diluted earnings per share	589,691,709	287,896,051
	Cents	**Cents**
Basic earnings per share	-	(0.08)
Diluted earnings per share	-	(0.08)
	$'000	**$'000**
Earnings per share for loss		
Loss after income tax attributable to the owners of Wellness and Beauty Solutions Ltd	(11,786)	(13,552)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	589,691,709	287,896,051
Weighted average number of ordinary shares used in calculating diluted earnings per share	589,691,709	287,896,051
	Cents	**Cents**
Basic earnings per share	(2.00)	(4.71)
Diluted earnings per share	(2.00)	(4.71)

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 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Julian Glynn
Chairman

30 September 2020

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INDEPENDENT AUDITOR'S REPORT
To the Members of Wellness and Beauty Solutions Limited

Opinion

We have audited the financial report of Wellness and Beauty Solutions Limited (the Company) and its controlled entities (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2020, 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 the directors' declaration.

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

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $11,786,000 and had net cash outflows from operating activities of $5,057,000 for the year ended 30 June 2020. As at that date, the Consolidated Entity's current liabilities exceeded its current assets by $1,037,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of Goodwill</td></tr>
<tr><td>At 30 June 2020, the Consolidated Entity showed goodwill of $2.7 million (net of impairment) which was allocated across multiple cash-generating units (CGUs). Refer to Note 16 in the financial statements.

As required under AASB 136, goodwill is tested for impairment at least annually, or when there is an impairment indicator.

This was considered a Key Audit Matter due to the materiality of the goodwill balance and management judgment and assumptions used to determine the value in use of each CGU.

For the year ended 30 June 2020, management performed an impairment assessment of the goodwill balance by:
• Calculating the value in use for each respective CGU using a discounted cash flow model. This model used cash flows (revenues, expenses and capital expenditure) for a period of 5 years for each CGU. A terminal growth rate was applied in the 5th year. The cash flows were then discounted to net present value using the CGUs' weighted average cost of capital (WACC); and
• Comparing the resulting value in use of the CGU to the respective book values.

We note that the impact of the COVID-19 pandemic on the current market conditions has exacerbated the uncertainty around future cashflows.

As a result of the impairment assessment, management has recognised an impairment expense of $2.9 million related to the goodwill allocated to Clinics CGU.</td><td>Our audit procedures in relation to management's impairment assessment included:
• Assessing management's determination for allocation of goodwill to the respective CGUs based on the nature of the Consolidated Entity's business and the format in which results are monitored and reported;
• Assessing the valuation methodology used;
• Challenging the reasonableness of key assumptions, including the cash flow projections, WACC discount rates, terminal value methodology and sensitivities used; and
• Checking the mathematical accuracy of the cash flow model and assessing reasonableness of input data to supporting evidence;
• Holding discussions with senior management and reviewing minutes of the directors' meetings to gather sufficient information regarding the operations of the current reporting period, as well as the expectations going forward; and
• Reviewing the completeness and accuracy of disclosures included in the financial report to ensure compliance with Australian Accounting Standards.</td></tr>
</table>

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
Adoption of AASB 16 Leases	
The Consolidated Entity adopted AASB 16 ***Leases*** (AASB 16) on 1 July 2019, using the modified retrospective method, which has resulted in changes to accounting policies. The Consolidated Entity has elected not to restate comparative information as permitted by the transitional provisions of AASB 16. At 30 June 2020, the Consolidated Entity recognised in the Statement of Financial Position right of use assets of $2.1 million and associated lease liabilities of $2.6 million. We determined the adoption of this standard to be a key audit matter because of: • the complexity of the standard and the significance of the differences to the previous standard; • the degree of manual involvement required in identifying lease contracts and contract terms; • the extent of judgment required in determining the inputs into the calculations of the lease liability and right of use asset, including the applicable discount rate, the likelihood of exercise of options to extend or terminate early a lease; and • the length and complexity of disclosures required including those required on initial adoption.	Our audit procedures included obtaining management's leasing model and on a sample basis: • Reviewing the contracts of the selected leases, and corroborating the key inputs, including the inception date, commencement date, term and rental amounts to underlying lease documentation; • Critically evaluating the key assumptions made in the judgmental inputs, including the likelihood of exercise of options to extend and the discount rate used for calculation of the lease liability; • Verifying the mathematical accuracy of the underlying model; and • Reviewing the adequacy of the relevant disclosures in the financial statements, including those relating to the initial transition and to the key estimates and judgments made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity 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 Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Wellness and Beauty Solutions Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

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

RSM

RSM AUSTRALIA PARTNERS

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R B MIANO
Partner

Dated: 30 September 2020
Melbourne, Victoria

The shareholder information set out below was applicable as at 25 September 2020.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	18	-
1,001 to 5,000	43	-
5,001 to 10,000	23	-
10,001 to 100,000	552	-
100,001 and over	954	1
	1,590	1
Holding less than a marketable parcel	476	-

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
UBS Nominees Pty Ltd	171,489,435	12.72
GBC Investments Pty Ltd (GBC Investment A/C)	51,725,552	3.84
Doctors Formula International Pty Ltd	47,298,018	3.51
Ms Kersten Grant	40,450,000	3.00
Organic Nation Pty Ltd	35,714,286	2.65
FIP Investments (Vic) Pty Ltd (Fip Investment A/C)	35,000,000	2.60
Mr Geoffrey Ronald Pearce (Pearce Family Sett A/C)	25,989,367	1.93
Australian Executor Trustees Limited (No 1 Account)	24,534,563	1.82
Hennessey Capital Partners Pty Ltd	23,908,890	1.77
Mr Peter A Proksa	23,750,000	1.84
National Nominees Limited	22,500,000	1.67
Mr William E Daft + Ms Karen E O'Callaghan (O'Callaghan Daft S/Fund A/C)	16,175,231	1.20
478 Nominees Pty Ltd (Pearce Family Super Fund A/C)	16,000,000	1.19
Riotek Pty Ltd (DL Roberts Family A/C)	14,004,338	1.04
Fahey Services Pty Ltd (The Jason Fahey Gap A/C)	14,000,000	1.04
Miss Sandra J Feeley	10,870,000	0.81
Mr Vineet Jindal (Individual A/C)	9,781,502	0.71
10 Bolivianos Pty Ltd	9,443,837	0.70
Mr Jian Ren	9,121,431	0.68
Mr John Giardinia	9,000,000	0.67
	610,756,450	45.30

	Number on issue	Number of holders
Unlisted convertible notes	1,845,000	6
Unlisted options	16,200,000	1

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Tiga Trading Pty Ltd	171,489,435	12.72

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Fully paid ordinary shares subject to voluntary escrow	9 October 2020	25,682,776
Fully paid ordinary shares subject to voluntary escrow	27 August 2021	35,714,286

Corporate governance statement

Refer to the Company's Corporate Governance statement at: http://wnbltd.com.au/investor-centre/ and lodged on ASX on 30 September 2020.