



Interim Report

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Corporate directory

Current Directors

Peter Malone	<i>Executive Chairman</i>
Filippo (Phil) Giglia	<i>Non-Executive Director</i>
Stuart Usher	<i>Non-Executive Director (Appointed on 17 January 2023)</i>

Company Secretary

Stuart Usher	<i>(Appointed on 17 January 2023)</i>
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Registered Office

<i>Street:</i>	1242 Hay Street WEST PERTH WA 6005
<i>Postal:</i>	1242 Hay Street WEST PERTH WA 6005
<i>Telephone:</i>	+61 (0)8 6311 1900
<i>Facsimile:</i>	+61 (0)8 6311 1999
<i>Email:</i>	info@senatural.com
<i>Website:</i>	www.skinelementslimited.com

Share Registry

Link Market Services Limited

<i>Street:</i>	Level 12, QV1 Building, 250 St Georges Terrace PERTH WA 6000
<i>Telephone:</i>	1300 554 474 (within Australia) +61 1300 554 474 (International)
<i>Facsimile:</i>	+61 (0)8 6370 4203
<i>Email:</i>	registrars@linkmarketservices.com.au
<i>Website:</i>	www.linkmarketservices.com.au

Auditors

BDO Audit (WA) Pty Ltd

<i>Street:</i>	Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
<i>Telephone:</i>	+61 (0)8 6382 4600
<i>Facsimile:</i>	+61 (0)8 6382 4601
<i>Website:</i>	www.bdo.com.au

Securities Exchange

Australian Securities Exchange

<i>Street:</i>	Level 40, Central Park, 152-158 St Georges Terrace Perth WA 6000
<i>Telephone:</i>	131 ASX (131 279) (within Australia) +61 (0)2 9338 0000
<i>Facsimile:</i>	+61 (0)2 9227 0885
<i>Website:</i>	www.asx.com.au
<i>ASX Code:</i>	SKN



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Results for announcement to the market

for the half-year ended 31 December 2022

1 REPORTING PERIOD (item 1)			
 Report for the period ended:	31 December 2022		
 Previous corresponding period is half-year ended:	31 December 2021		

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET		Movement	Percentage %	Amount \$
 Revenues from ordinary activities (item 2.1)		Decrease	(18.91) to	96,052
 Loss from ordinary activities after tax attributable to members (item 2.2)		Increase in loss	141.47 to	(2,889,542)
 Loss after tax attributable to members (item 2.3)		Increase in loss	141.47 to	(2,889,542)
a. Dividends (items 2.4 and 5)			Amount per Security ¢	Franked amount per security %
 Interim dividend			nil	n/a
 Final dividend			nil	n/a
 Record date for determining entitlements to the dividend (item 2.5)		n/a		
b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):				
The revenue and losses for the period reflect continued focus on the development and commercialisation of the Company's SE Formula technology brands and applications.				

3 DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS	
Nil.	
a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):	
Not applicable	

4 RATIOS		6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
a. Financial Information relating to 4b:		\$	\$
Earnings for the period attributable to owners of the parent		(2,889,542)	(1,196,631)
Net assets		8,206,882	10,509,527
Less: Intangible assets		(7,690,030)	(8,090,110)
Net tangible (liabilities)/assets		516,852	2,419,417
		No.	No.
Fully paid ordinary shares		440,634,897	407,727,266
		¢	¢
b. Net tangible (liability)/assets backing per share (cents) (item 3):		0.117	0.593

Results for announcement to the market

for the half-year ended 31 December 2022

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)**a. Control gained over entities**
 Name of entities (item 4.1) Nil

 Date(s) of gain of control (item 4.2) n/a
b. Loss of control of entities
 Name of entities (item 4.1) Nil

 Date(s) of loss of control (item 4.2) n/a
c. Contribution to consolidated loss from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3). n/a**d. Loss from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)** n/a**6 DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)**
 Name of entities (item 7) Nil

 Percentage holding in each of these entities (item 7) N/A

 Aggregate share of profits (losses) of these entities (item 7)

6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
N/A	N/A

7 The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.

8 The Interim Financial Report is reviewed.

Directors' report

Your directors present their report on the Group, consisting of Skin Elements Limited (**Skin Elements, SKN, or the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2022.

Skin Elements is listed on the Australian Securities Exchange (ASX: SKN).

1. Directors

The names of Directors in office at any time during or since the end of the year are:

-  Peter Malone Executive Chairman and Chief Executive Officer
-  Filippo (Phil) Giglia Independent Non-Executive Director
-  Stuart Usher Independent Non-Executive Director (*Appointed on 17 January 2023*)
-  Lee Christensen Independent Non-Executive Director (*Resigned on 17 January 2023*)

(the Directors or the Board)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Operations Review

2.1.1. Development of Eco Nurture Plant Bio Stimulant

The Company's continuing research into its SE Formula technology has resulted in the development of Eco Nurture, a sustainable horticultural specific plant bio stimulant.

Eco Nurture Plant Bio Stimulant helps the overall health of the plant by improving the plants' tolerance to stress. Eco Nurture is made from environmentally friendly, biodegradable materials which support the surrounding environment.

The Company has produced and supplied Eco Nurture to a number of farms in Australia and New Zealand to undertake testing and assessment of Eco Nurture for a range of food crops such as kiwifruit, apples, mangoes and grapes.

The successful completion of these initial assessments will position Eco Nurture into the emerging bio stimulants market in support of the multi-billion dollar food crop industries.

2.1.2. SuprCuvr Distribution Agreement with Pacific Health

Pacific Health Care Pty Ltd (Pacific Health) has submitted SuprCuvr on the formal tender lists for broad scale adoption by government departments in Western Australia and Queensland as a hospital grade disinfectant and is pursuing sales and distribution opportunities with the New South Wales and Victoria governments. The outcome of tender list process is expected in the coming months, and once secured, Pacific Health will be able to deliver SuprCuvr contracts with these government and corporate sectors.

Pacific Health also made presentations to key private hospitals in WA and other states, and has undertaken trials with major sporting venues, mining companies, education campuses, and transport and logistics centres in WA.

SKN and Pacific Health has continued to work together to evaluate the initial market responses and update the formula potency, packaging presentation and competitive pricing structure.

During the previous period, the Company had received orders and invoiced Pacific Health for SuprCuvr products totalling \$1,266,354 (of which \$210,786 has been received). Due to the uncertainty of timing of receipt of the balance, the Company has recognised a provision for impairment of \$527,784 in the current period, as detailed in note 3.2.2.

2.1.3. Other Distribution Opportunities

The SE Formula is a high performance proprietary all-natural plant based technology used in the Company's proprietary award winning brands including Invisi-Shield SuprCuvr plant-based hospital grade disinfectant range, Eco Nurture plant bio stimulant, the Soléo Organics natural sunscreen brand, the PapayaActivs therapeutic skincare range and the Elizabeth Jane Natural Cosmetics.

Skin Elements continues to work on the development of existing and new additional distribution channels and opportunities for these product ranges in Australia and internationally.

With the Soléo Organics award winning sunscreen range in production, Skin Elements has been working with its distributors in Australia with new in-store display materials and competitive pricing structure targeted at pharmacies and health stores.

Directors' report

Production is underway to deliver the full range of PapayaActivs therapeutic skincare products that combine the power of Papaya with proven traditional natural ingredients that help relieve the symptoms of skin conditions, like psoriasis, rashes, eczema, assist in healing of minor burns and wounds, and relieve mild muscle, joint and arthritic pain.

The Company's product range is available through the Company's updated and optimised online store websites www.soleoorganics.com and www.sknlife.com.

2.1.4. Appointment of New Director and Company Secretary

On 17 January 2023, SKN appointed Mr Stuart Usher to the Board as a Non-Executive Director. Mr Usher's appointment brings broad experience and skills to the Board, assisting the Company develop its corporate strategy and governance as it transitions from research & development to commercial operations.

Mr Usher's appointment follows the resignation of Mr Lee Christensen as a Non-Executive Director.

Mr Usher is also appointed as Company Secretary on 17 January 2023 replacing Mr Phil Giglia in this role.

2.1.5. Research & Development Rebate (R&D)

The Company's commitment to the development of new applications for its natural SE Formula technologies saw it receive R&D Rebate of \$984K for the R&D expenditure invested in the 2022 financial year.

The Company has accrued a further R&D Rebate of \$450K for the R&D expenditure incurred for the six months ended 31 December 2022.

2.1.6. Placement raises \$750,000

On 4 November 2022 the Company advised it had finalised a private placement to sophisticated investors raising \$750,000 in cash (before costs). The Company issued 30,000,000 ordinary fully paid shares at \$0.025 each (under the Company's ASX LR7.1A placement capacity) with one attaching option exercisable at \$0.05 on or before 31 October 2025 for each new share (under the Company's ASX LR7.1 capacity) to the subscribers in the placement.

2.1.7. LDA Capital \$20 million equity funding facility

On 6 April 2021 SKN announced it had entered into an equity funding facility agreement (**Agreement**) with LDA Capital, under which LDA Capital has agreed to provide Skin Elements with up to \$20 million in committed equity capital over the next 36 months (ASX announcement, 6 April 2021).

The Agreement enables Skin Elements to issue shares to LDA Capital over the next three years at the Company's discretion at a floor price to be determined by Skin Elements and receive funds for the issue of those shares.

The Agreement allows Skin Elements to access committed equity capital on a flexible basis by managing the timing and size of each capital drawdown. The Agreement ensures that Company has access to additional equity capital as required to support its growth into new markets, support existing sales channels and fund the anticipated commercial scale sales and distribution opportunities for SuprCuvr and the Company's other product lines.

As part consideration for entering into a Put Option Agreement (**POA**), the Company issued to LDA Capital 26,000,000 unlisted options all expiring on 15 March 2024 which were initially recognised using a fair value assessment of \$604,000 as a prepayment (asset) and derivative liability. At balance date the fair value of the derivative liability has been reassessed to \$36,000 due to the time value of money and the amount of \$17,000 is recognised as a fair value gain to P&L in the current period.

The Company is also required to pay a commitment fee of A\$300,000 to LDA Capital which is payable in cash in three equal instalments at closing of the Company's next three capital calls.

As the timing of the drawdowns under the POA is uncertain, the Directors have taken a prudent view and expensed the remaining balance of the prepayment carrying value of \$837,942 (2021: \$166,058).

The Company also has on issue to LDA Capital 25,500,000 shares (**Collateral Shares**) for nil consideration. LDA Capital will hold these shares until such time that the Company issues the initial call notice. At that time, and subject to certain limitations set out in the POA, LDA Capital may sell collateral shares on market. Under the POA, unused Collateral Shares may be used for a subsequent call, bought back by the Company for nominal consideration or transferred to a trustee or nominee of the Company for nominal consideration.

As at the date of this report the Company has not made a drawdown under this facility.

Directors' report

2.2. Financial Review

2.2.1. Key profit and loss measures

	Movement (increase/ decrease)	Movement \$	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
🌱 Revenues from ordinary activities	<i>decreased</i>	22,405	96,052	118,457
🌱 Loss from ordinary activities after tax	<i>increased</i>	1,692,911	(2,889,542)	(1,196,631)
🌱 EBITDA	<i>decreased</i>	(283,783)	(1,266,279)	(982,496)

2.2.2. Key net asset measures

	Movement (increase/ decrease)	Movement \$	31 December 2022 \$	30 June 2022 \$
🌱 Cash and cash equivalents	<i>decreased</i>	269,932	478,118	748,050
🌱 Working capital (excluding prepayments)	<i>decreased</i>	1,232,933	710,521	1,943,454
🌱 Net tangible assets	<i>decreased</i>	1,645,087	516,852	2,161,939
🌱 Net assets	<i>decreased</i>	1,845,127	8,206,882	10,052,009

2.3. Events Subsequent to Reporting Date

Subsequent to 31 December 2022, the Company received \$181K from an advance on the 2023 R&D rebate.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in note 7 *Events subsequent to reporting date*.

2.4. Future Developments, Prospects, and Business Strategies

Likely developments in the operations, business strategies and prospects of the Group include:

- 🌱 The Company will consider future capital raisings through entitlement issue, equity placement and debt proposals.
- 🌱 The Company will continue to focus on development and commercialisation of its natural anti-microbial technology as set out in its review of operations.
- 🌱 The Company will or may place equity and receive up to \$20 million in committed equity capital over the next 21 months under the equity funding facility with LDA Capital.

Other likely future developments, prospects, and business strategies of the operations of the Group and the expected results of those operations have not been included in this report particularly given the early stage of the Company's commercial operations with its new expanded range of natural and organic products. The Directors believe that the inclusion of such information would be likely to be unreasonably prejudicial to the Group.

3. Auditor independence

The Company's auditor's, BDO Audit (WA) Pty Ltd's (**BDO**), independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the period ended 31 December 2022 has been received and can be found on page 6 and forms part of this Directors' report for the period ended 31 December 2022.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



PETER MALONE

Executive Chairman

Dated this Tuesday, 28 February 2023



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Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SKIN ELEMENTS LIMITED

As lead auditor for the review of Skin Elements Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Skin Elements Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth
28 February 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2022

	Note	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
<i>Continuing operations</i>			
Revenue	1.1	96,052	118,457
Cost of sales		(61,378)	(46,372)
Gross profit		34,674	72,085
Other income	1.2	467,594	697,735
Administrative and other costs		(1,314,519)	(1,107,541)
Research and development costs		(546,862)	(641,292)
Selling and distribution costs		(110,253)	(206,570)
Operating loss		(1,469,366)	(1,185,583)
Interest and finance costs		(54,450)	(11,048)
Impairment expense	3.2.2	(527,784)	-
Put option agreement fees expensed	3.6.3	(837,942)	-
Loss before tax	2.1.1	(2,889,542)	(1,196,631)
Income tax benefit		-	-
Net loss for the half-year		(2,889,542)	(1,196,631)
<i>Other comprehensive income, net of income tax</i>			
		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(2,889,542)	(1,196,631)
<i>Earnings per share:</i>			
		¢	¢
Basic and diluted loss per share (cents per share)	10.4	(0.69)	(0.31)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position
as at 30 June 2022

	Note	31 December 2022 \$	30 June 2022 \$
<i>Current assets</i>			
Cash and cash equivalents	3.1	478,118	748,050
Trade and other receivables	3.2.1	836,973	1,357,892
Inventories	4.1	108,478	154,274
Other current assets	3.3.1	6,824	88,489
Financial Assets	3.6.1	-	502,000
Total current assets		1,430,393	2,850,705
<i>Non-current assets</i>			
Right of use asset - property, plant, and equipment		17,507	20,554
Financial Assets	3.6.1	-	335,942
Intangible assets	4.2	7,690,030	7,890,070
Total non-current assets		7,707,537	8,246,566
Total assets		9,137,930	11,097,271
<i>Current liabilities</i>			
Trade and other payables	3.4.1	673,857	767,733
Borrowings	3.5.1	21,191	24,529
Derivative liabilities	3.6.2	18,000	26,500
Total current liabilities		713,048	818,762
<i>Non-current liabilities</i>			
Trade and other payables	3.4.2	200,000	200,000
Derivative liabilities	3.6.2	18,000	26,500
Total non-current liabilities		218,000	226,500
Total liabilities		931,048	1,045,262
Net assets		8,206,882	10,052,009
<i>Equity</i>			
Issued capital	5.1.1	23,640,803	22,871,096
Reserves	5.4	503,802	229,094
Accumulated losses		(15,937,723)	(13,048,181)
Total equity		8,206,882	10,052,009

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2022

	Note	Contributed equity \$	Accumulated losses \$	Share-based payment reserve \$	Total equity \$
<i>Balance at 1 July 2021</i>		20,978,594	(11,467,271)	91,252	9,602,575
Loss for the half-year attributable to the owners of the parent		-	(1,196,631)	-	(1,196,631)
Other comprehensive income for the half-year attributable to the owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable to the owners of the parent		-	(1,196,631)	-	(1,196,631)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the half-year (net of costs)	5.1.1	2,078,560	-	-	2,078,560
Share-based payments during the half-year	11.1	-	-	25,023	25,023
Balance at 31 December 2021		23,057,154	(12,663,902)	116,275	10,509,527
<i>Balance at 1 July 2022</i>		22,871,096	(13,048,181)	229,094	10,052,009
Loss for the half-year attributable to the owners of the parent		-	(2,889,542)	-	(2,889,542)
Total comprehensive loss for the half-year attributable to the owners of the parent		-	(2,889,542)	-	(2,889,542)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the half-year (net of costs)	5.1.1	769,707	-	-	769,707
Share-based payments during the half-year	11.1	-	-	274,708	274,708
Balance at 31 December 2022		23,640,803	(15,937,723)	503,802	8,206,882

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

APPENDIX 4D

INTERIM FINANCIAL REPORT

31 December 2022

SKIN ELEMENTS LIMITED

AND CONTROLLED ENTITIES

ABN 90 608 047 794

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2022

	Note	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		95,074	121,112
Payments to suppliers and employees		(1,448,624)	(1,799,746)
Receipt of research and development tax incentive		444,789	988,711
Interest paid and facility fees		(54,450)	(11,048)
Net cash used in operating activities		(963,211)	(700,971)
<i>Cash flows from investing activities</i>			
Net cash used in investing activities		-	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares	5.1.1	750,000	2,100,000
Share issue costs		(56,721)	(121,440)
Net cash provided by financing activities		693,279	1,978,560
Net (decrease)/increase in cash and cash equivalents held		(269,932)	1,277,589
Cash and cash equivalents at the beginning of the half-year		748,050	287,632
Cash and cash equivalents at the end of the half-year	3.1	478,118	1,565,221

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

In preparing the December 2022 financial statements, Skin Elements Limited has grouped notes into sections under three key categories:

 Section A: How the numbers are calculated.....	12
 Section B: Unrecognised items	20
 Section C: Other Information.....	21

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The financial report is presented in Australian dollars, except where otherwise stated.

Change in Presentation

During the 2022 financial year the Group changed the presentation of the statement of profit and loss to classify expenses based on their function. This change has not affected reported profit or loss and is a change in presentation only. In accordance with accounting standards, the Group will continue to report expenditure classified by nature in the notes to the condensed consolidated financial statements, as disclosed in 2.1 *Expenses by nature*. Comparative information has been updated to reflect this change.

Company details

The registered office of the Company is:

Street + Postal: 1242 Hay Street
WEST PERTH WA 6005



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.
- (b) analysis and sub-totals.
- (c) information about estimates and judgements made in relation to particular items.

Note	1	Revenue and other income	Note	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
1.1		Revenue			
		Sales to customers		96,052	118,457
				96,052	118,457
1.2		Other Income			
		Research and development tax incentives grant income		450,147	466,527
		Fair value adjustment of fee options	3.6.7	17,000	231,208
		Interest income		447	-
				467,594	697,735
Note	2	Expenses	Note	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
2.1		Expenses by nature			
		Administration expenses	2.2	243,499	142,915
		Advertising and marketing expenses		110,253	206,570
		Amortisation		203,087	203,087
		Corporate expenses	2.3	114,253	198,074
		Employee benefits expense	2.4	757,130	515,663
		Impairment expense	3.2.2	527,784	-
		Occupancy costs		51,000	58,850
		Manufacturing, purchasing, and distribution costs		61,378	46,372
		Put Option Agreement fees expensed	3.6.3	837,942	-
		Research and development expenses		546,862	641,292
		Total expenses by nature		3,453,188	2,012,823
2.1.1		<i>Reconciliation to net profit or loss before tax</i>			
		Total revenue and other income		563,646	816,192
		Less: Total expenses by nature		(3,453,188)	(2,012,823)
		Net loss before tax		(2,889,542)	(1,196,631)
2.2		Administration expenses			
		Accounting expenses		104,567	68,026
		Travel expenses		1,220	756
		Interest expenses and finance facility costs		54,450	11,048
		Other expenses		83,262	63,085
				243,499	142,915

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note	2	Expenses (cont.)	Note	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
2.3		Corporate expenses			
		ASX fees		32,059	50,160
		Audit expenses		37,828	37,016
		Filing fees		-	14,833
		Legal expenses		32,415	87,104
		Share Registry and shareholder communications		11,951	8,961
				114,253	198,074
2.4		Employee benefits expense			
		Directors' fees		60,000	48,000
		Executive services contracts		106,814	39,327
		Wages and salaries – non-R&D		315,608	403,313
		Share-based performance rights: <i>amortisation</i>	11.2.2b	274,708	25,023
				757,130	515,663

Note 3 Financial assets and financial liabilities

3.1		Cash and cash equivalents		31 December 2022 \$	30 June 2022 \$
		Cash at bank		478,118	748,050
				478,118	748,050
3.2		Trade and other receivables	Note	31 December 2022 \$	30 June 2022 \$
3.2.1		Current			
		Trade receivables	3.2.2	1,075,020	1,074,042
		Less: Provision for impairment	3.2.2	(527,784)	-
		Research and Development Grant receivable	3.2.3	256,147	250,260
		Other receivables		33,590	33,590
				836,973	1,357,892

3.2.2 Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. The trade receivables are generally due for settlement within periods ranging from prepaid or cash on delivery to 30 days and extended terms in certain circumstances and therefore are classified as current. Trade receivables of \$1,055,568 relate to an order from Pacific Health. The Company has provided extended payment term for this order to facilitate entry into markets for its SuprCuvr products and generate cashflows that may facilitate payments and orders in the near future. Under the Agreement with Pacific Health, the principals of Pacific Health have provided personal guarantees that the obligations under the Agreement will be fulfilled.

However, due to the uncertainty of the timing of the receipt of the balance of the amounts outstanding, the Company has recognised a provision for impairment of \$527,784 as at 31 December 2022 (30 June 2022: Nil).

3.2.3 The Group continued its development program during the half-year ended 31 December 2022 resulting in a claim for research and development tax incentive for the 2023 financial year and is included as a receivable at half-year end.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 3 Financial assets and financial liabilities (cont.)			
3.3	Other assets		
		31 December 2022 \$	30 June 2022 \$
3.3.1	Current		
	Prepayments – Raw materials	6,824	88,489
		6,824	88,489
3.4	Trade and other payables	Note	
		31 December 2022 \$	30 June 2022 \$
3.4.1	Current		
	Unsecured		
	Trade payables	240,002	187,885
	Sundry payables and accrued expenses	302,120	446,842
	Goods and Services Tax payable	31,735	33,006
	Commitment Fee payable	100,000	100,000
		673,857	767,733
3.4.2	Non-Current		
	Unsecured		
	Commitment Fee payable	200,000	200,000
		200,000	200,000
3.5	Borrowings		
		31 December 2022 \$	30 June 2022 \$
3.5.1	Current		
	Leases – motor vehicle	21,191	24,529
		21,191	24,529
3.6	Derivative assets and liabilities		
		31 December 2022 \$	30 June 2022 \$
3.6.1	Financial assets		
	Prepaid commitment fee – current	-	502,000
	Prepaid commitment fee – non-current	-	335,942
		-	837,942
3.6.2	Derivative liabilities		
	LDA Commitment fee liability – current	18,000	26,500
	LDA Commitment fee liability – non-current	18,000	26,500
		36,000	53,000

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 3 Financial assets and financial liabilities (cont.)

3.6 Derivative assets and liabilities (cont.)

3.6.3 LDA Capital Agreement

As disclosed in April 2021, the Company entered into a Put Option Agreement (**POA**) with LDA Capital Limited and LDA Capital LLC (together **LDA Capital**), a United States-based investment group, to provide the Company with up to A\$20 million in committed equity capital over the 36 months. The Company controls the timing and maximum amount of the draw down under this facility. The Company has committed to an initial drawdown with the size to be determined by the Company.

Key terms and conditions:

- a. In accordance with the POA, as part consideration, the Company issued to LDA Capital 26,000,000 unlisted options all expiring on 15 March 2024 comprising:
 - 10,000,000 unlisted options exercisable at A\$0.12
 - 10,000,000 unlisted options exercisable at A\$0.15
 - 4,000,000 unlisted options exercisable at A\$0.18
 - 2,000,000 unlisted options exercisable at A\$0.22

These options were valued at \$604,000 using a Binomial options pricing model and classified as derivative liabilities. These options have been revalued at \$36,000 as at 31 December 2022.
- b. On 18 May 2021, the Company issued to LDA Capital 25,500,000 shares (**Collateral Shares**) for nil consideration. LDA Capital will hold these shares until such time that the Company issues the initial call notice. At that time, and subject to certain limitations set out in the POA, LDA Capital may sell collateral shares on market. Under the POA, unused Collateral Shares may be used for a subsequent call, bought back by the Company for nominal consideration or transferred to a trustee or nominee of the Company for nominal consideration. During the year, 2,000,000 Collateral Shares were redeemed. LDA Capital holds 25,500,000 Collateral Shares at 31 December 2022 (30 June 2022: 25,500,000) which are included in Treasury Shares (note 5.1.2)
- c. Under the POA, the subscription price for the shares is set at 90% of the higher of the average VWAP of shares in the 30-trading day period after the issue of the capital call notice, and the minimum acceptable price notified to LDA Capital by the Company upon exercise of the put option. The VWAP calculation and the number of subscription shares is subject to adjustment as a result of certain events occurring including trading volumes falling below an agreed threshold level or a material adverse event occurring in relation to the Company.
- d. The Company was also required to pay a commitment fee of A\$400,000 to LDA Capital which is payable in cash in four equal instalments at closing of the Company's first four capital calls. When each of the first four capital calls are closed, the Company will pay each \$100,000 instalment, reducing the liability.
- e. As the timing of the drawdowns under the POA is uncertain, the Directors have taken a prudent view and expensed the remaining balance of the prepayment carrying value of \$837,942 (2021: \$166,058).

The effect of the key terms gave rise to a derivative liability and prepaid asset held at fair value through profit and loss.

3.6.4 Recognition and reduction in derivative liability and other payables

On entering the POA, the Company recognised a commitment fee payable of \$400,000, and fair value of 26,000,000 unlisted options, recognised as a derivative liability totalling \$604,000 determined using a Binomial options pricing model. Details of the assumptions used in the valuation of the options are summarised in note 0. The Company has not issued a Capital Call Notice under the POA to LDA Capital.

The derivative liability relating to the unlisted options issued to LDA Capital were revalued at half-year end for the unexercised options. The remeasurement of the derivative liability resulted in a fair value gain of \$17,000 (2021: \$231,208), refer to note 1.2.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 3 Financial assets and financial liabilities (cont.)

3.6 Derivative assets and liabilities (cont.)

	Note	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
3.6.5 <i>Movement in prepaid assets</i>			
As at 1 July		837,942	1,004,000
Amortisation of Commitment Fee recognised		(837,942)	(166,058)
As at reporting date		-	837,942
3.6.6 <i>Movement in other payables</i>			
As at beginning of the period		300,000	400,000
Collateral Shares allocated (2,000,000)		-	(100,000)
As at reporting date		300,000	300,000
3.6.7 <i>Movement in derivative liabilities</i>			
As at 1 July		53,000	545,208
Re-measurement to fair value through profit or loss	1.2	(17,000)	(492,208)
As at reporting date		36,000	53,000

3.6.8 *Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2022				
<i>Derivatives liabilities:</i>				
LDA Commitment fee liability	-	-	36,000	36,000
Total derivative liabilities	-	-	36,000	36,000
30 June 2022				
<i>Derivatives liabilities:</i>				
LDA Commitment fee liability	-	-	53,000	53,000
Total derivative liabilities	-	-	53,000	53,000

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note	4	Non-financial assets and financial liabilities	
4.1	Inventories	31 December 2022 \$	30 June 2022 \$
	Finished goods	108,478	154,274
		108,478	154,274
4.2	Intangible assets	31 December 2022 \$	30 June 2022 \$
	SE Formula™	9,859,296	9,859,296
	Accumulated amortisation	(2,184,984)	(1,990,482)
		7,674,312	7,868,814
	Website development costs	55,410	55,410
	Accumulated amortisation	(39,692)	(34,154)
		15,718	21,256
	Total intangibles	7,690,030	7,890,070

4.2.1 Key estimates

a. Impairment

The Group assesses the impairment of assets at each reporting date by evaluating conditions specific to the asset that may lead to impairment of the assets recoverable amount. The assessment of impairment is based on the best estimate of future cash flows available at the time of preparing the report. However, facts and circumstances may come to light in later periods which may change this assessment if these facts had been known at the time.

To assist the Group with the impairment assessment of the intangible assets, Moore Australia Corporate Finance (WA) Pty Ltd were engaged to undertake an independent expert report of the indicative fair market value of the intangible assets of the Group for the period to 30 June 2022. The preferred valuation of the assets did not result in a requirement to impair the carrying value of the intangible assets. The Independent Expert used a range of valuation methodologies to assess fair market value.

Directors are satisfied with the sensitivity and objectivity of the expert and the reasonableness of the key assumptions in the valuation.

The company did not identify any impairment indicators as at 31 December 2022 that required formal impairment testing to be undertaken.



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note	5	Equity				
5.1	Issued capital	Note	6 months to 31 December 2022 No.	12 months to 30 June 2022 No.	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
	Fully paid ordinary shares at no par value		440,634,897	407,727,266	23,640,803	22,871,096
5.1.1	Ordinary shares					
	At the beginning of the period		407,727,266	379,477,266	22,871,096	20,978,594
	Shares issued during the period:					
	06.10.21 Placement		-	26,250,000	-	2,100,000
	15.11.21 Collateral Shares allocated for fees	3.6.3d	-	2,000,000	-	100,000
	26.10.22 Consultancy fees	11.2.1	2,907,631	-	114,849	-
	04.11.22 Placement		30,000,000	-	750,000	-
	Share issue transaction costs		-	-	(95,142)	(307,498)
	At end of the period		440,634,897	407,727,266	23,640,803	22,871,096
5.1.2	Treasury shares	Note			6 months to 31 December 2022 No.	12 months to 30 June 2022 No.
	At beginning of the period				25,500,000	27,500,000
	Ordinary shares allocated for fees	3.6.3d			-	(2,000,000)
	At end of the period				25,500,000	25,500,000
5.2	Options	Note	6 months to 31 December 2022 No.	12 months to 30 June 2022 No.	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
	Options on issue		56,000,000	26,000,000	-	-
5.2.1	Ordinary shares					
	At the beginning of the period		26,000,000	26,000,000	-	-
	Options movement during the period:					
	04.11.23 Free options issued to Placement shares		30,000,000	-	-	-
	At end of the period		56,000,000	26,000,000	-	-
	Comprising the following options:					
	Unlisted				-	-
	○ \$0.12 options expiring 15.03.24		10,000,000	10,000,000	-	-
	○ \$0.15 options expiring 15.03.24		10,000,000	10,000,000	-	-
	○ \$0.18 options expiring 15.03.24		4,000,000	4,000,000	-	-
	○ \$0.22 options expiring 15.03.24		2,000,000	2,000,000	-	-
	○ \$0.05 options expiring 31.10.25		30,000,000	-	-	-
			56,000,000	26,000,000	-	-

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 5 Equity (cont.)

5.3 Performance rights	Note	6 months to 31 December 2022 No.	12 months to 30 June 2022 No.	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
Performance rights		209,000,000	209,000,000	229,094	229,094
At the beginning of the period		209,000,000	47,000,000	229,094	91,252
<i>Performance rights movement during the period:</i>					
🌱 Issued	11.2.2a	-	162,000,000	-	88,204
🌱 Amortisation of rights	11.2.2b	-	-	-	49,638
At reporting date		209,000,000	209,000,000	229,094	229,094

5.4 Reserves

	6 months to 31 December 2022 \$	12 months to 30 June 2022 \$
Share-based payment reserve	503,802	229,094
	503,802	229,094

5.4.1 Share-based payment reserve

The share-based payment reserve records the value of options and performance rights issued the Company to its employees or consultants.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

SECTION B. UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also unrecognised tax amounts.

Note 6 Commitments**6.1 Capital commitments**

The Group does not have any capital commitments (2021: \$nil).

Note 7 Events subsequent to reporting date**7.1 Research and Development Tax Incentives**

Subsequent to 31 December 2022, the Company received \$181k from Research and Development Tax Incentives.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 8 Contingent liabilities

There are no contingent liabilities as at 31 December 2022 (30 June 2022: Nil).



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

SECTION C. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 9 Related party transactions

Contained within trade and other payables are the follows balances payable to related parties:

Entity	KMP	Payable Balance	
		31 December 2022	30 June 2022
		\$	\$
Boston Corporate Pty Ltd	Peter Francis Malone	6,193	124,863
Colosseum Securities Pty Ltd	Filippo (Phil) Leone Giglia	93,500	60,500
Pooky Corp Pty Ltd	Kevin Lee Christensen	12,000	44,000
Boston Corporate Pty Ltd	Craig Piercy	3,992	55,049
Blackridge Pty Ltd	Leo Fung	380	4,009

Note 10 Earnings per share (EPS)		Note	6 months to 31 December 2022	6 months to 31 December 2021
			\$	\$

10.1 Reconciliation of loss to profit or loss

Loss for the half-year		(2,889,542)	(1,196,631)
Loss used in the calculation of basic and diluted EPS		(2,889,542)	(1,196,631)

10.2 Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS

Weighted average number of dilutive equity instruments outstanding	10.5	418,063,699	391,746,288
		N/A	N/A

10.3 Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS

		418,063,699	391,746,288
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10.4 Earnings per share

		6 months to 31 December 2022	6 months to 31 December 2021
		¢	¢
Basic EPS (cents per share)	10.5	(0.69)	(0.31)
Diluted EPS (cents per share)	10.5	N/A	N/A

10.5 As at 31 December 2022 the Group has 56,000,000 unissued shares under options (31 December 2021: 26,000,000) and 209,000,000 performance shares on issue (31 December 2021: 47,000,000). The Group does not report diluted earnings per share on losses generated by the Group. During the year, the Group's unissued shares under option and performance shares were anti-dilutive.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note	11	Share-based payments	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$	
11.1		Share-based payments:			
		 Recognised in profit and loss (expenses)	11.2.2	274,708	25,023
		 Recognised in equity (transaction costs)	11.2.1a	43,473	-
		 Recognised in net assets (payables)	11.2.1b	71,376	-
		Gross share-based payments		389,557	25,023

11.2 Share-based payment arrangements in effect during the year

11.2.1 Issued during the current half-year

a. Shares issued as transaction costs

1,691,556 ordinary shares issued at \$0.0257 per share for LDA fee.

b. Shares issued to settle payables

1,216,075 ordinary shares issued at \$0.06 per share for corporate communication services.

11.2.2 Issued in prior period, remaining in effect

a. Director and Consultants Performance Rights (2022)

At the Company's AGM held on 26 April 2022, shareholder approval was obtained to issue performance rights that will convert into shares pursuant to the Equity Incentive Plan.

These performance rights are issued to Peter Malone, Executive Chairman, Filippo (Phil) Giglia and Lee Christensen, non-executive directors, and key management Craig Piercy and Leo Fung and have been valued and issued on terms as detailed below and as detailed below and in Note 11.4:

Class of Performance Right	Tranches of Performance Right	Performance Condition	Performance rights No.					Milestone Date	Expiry Date	Performance Condition Satisfied
			Peter Malone	Filippo (Phil) Giglia	Lee Christensen	Craig Piercy	Leo Fung			
A	N/A	The VWAP of the company's shares traded on ASX over 20 consecutive trading days on which the Company's shares are actually traded being equal to or greater than \$0.18 per share, and the holder continues to be engaged by the Company as an eligible Participant and performs their duties under that engagement up to and including 31.01.23	50,000,000	-	-	25,000,000	25,000,000	31.01.23	3 years from vesting date	No
B	1	The Company receiving revenue from product sales of \$25,000,000 after 1.01.22	12,500,000	2,500,000	500,000	-	-	31.12.27	3 years from vesting date	No
B	2	The Company receiving revenue from product sales of \$50,000,000 after 1.01.22	12,500,000	2,500,000	500,000	-	-	31.12.27	3 years from vesting date	No
B	3	The Company receiving revenue from product sales of \$75,000,000 after 1.01.22	12,500,000	2,500,000	500,000	-	-	31.12.27	3 years from vesting date	No
B	4	The Company receiving revenue from product sales of \$100,000,000 after 1.01.22	12,500,000	2,500,000	500,000	-	-	31.12.27	3 years from vesting date	No

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 11 Share-based payments (cont.)

11.2 Share-based payment arrangements in effect during the year (cont.)

11.2.2 Issued in prior period, remaining in effect (cont.)

b. Director and Consultants Performance Rights (2019)

At the Company's 2019 AGM, shareholder approval was obtained to issue performance rights that will convert into shares upon Performance Milestones being achieved, to incentivise the development of existing Australian and international distribution and online sales channels, and negotiations with major international customers including a major UK retail chemist chain and the development of a major online retailer in the USA, for the sale and delivery of its proprietary expanded natural skincare and sun care product ranges.

These performance rights are issued to Peter Malone, Executive Chairman, and to Palmer Wilson Associates Ltd (**PWA**), a United Kingdom based specialist business development consultancy and have been valued and issued on terms as detailed below and as detailed below:

Class of Performance Right	Performance Condition	Performance rights No.		Milestone Date	Expiry Date	Performance Condition Satisfied
		Peter Malone	PWA			
A	The Company receiving revenue from product sales of \$2,000,000	2,700,000	2,000,000	31 Dec 2023	4 years from issue date	No
B	The Company receiving revenue from product sales of \$6,000,000	5,400,000	4,000,000	31 Dec 2023	4 years from issue date	No
C	The Company receiving revenue from product sales of \$12,000,000	8,100,000	6,000,000	31 Dec 2023	4 years from issue date	No
D	The Company receiving revenue from product sales of \$20,000,000	10,800,000	8,000,000	31 Dec 2023	4 years from issue date	No

11.3 Fair value of options granted during the half-year

The fair value of the options granted is deemed to represent the value of the services received over the vesting period.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 12 Operating segments

12.1 Types of products and services by segment

12.1.1 Operations

This operating segment is involved in the designing and formulating natural, organic, health and wellness products.

12.2 Segment Financial Performance

Half-Year ended 31 December 2022

Revenue and other income

- External sales
- Other income

Total segment revenue and other income

Total group revenue and other income

Segment profit/(loss) before income tax

- Cost of sales
- Administration expenses
- Advertising and marketing expenses
- Amortisation
- Amortisation and provisions
- Corporate expenses
- Consultants' fees
- Share-based payments
- Occupancy costs
- Research and development expenses

Segment profit/(loss) from continuing operations before tax

Group loss before income tax

Half-Year ended 31 December 2021

Revenue and other income

- External sales
- Other income

Total segment revenue and other income

Total group revenue and other income

Segment profit/(loss) before income tax

- Cost of sales
- Administration expenses
- Advertising and marketing expenses
- Amortisation
- Corporate expenses
- Consultants' fees
- Share-based payments
- Occupancy costs
- Research and development expenses

Segment profit/(loss) from continuing operations before tax

Group loss before income tax

Operations \$	Corporate and administration \$	Total \$
96,052	-	96,052
467,594	-	467,594
563,646	-	563,646
		563,646
(61,378)	-	(61,378)
(145,165)	(98,334)	(243,499)
(75,636)	(34,617)	(110,253)
(203,087)	-	(203,087)
(837,942)	-	(837,942)
-	(114,253)	(114,253)
(414,936)	(67,486)	(482,422)
-	(274,708)	(274,708)
(30,000)	(21,000)	(51,000)
(546,862)	-	(546,862)
(1,751,360)	(610,398)	(2,361,758)
		(2,361,758)
118,457	-	118,457
697,735	-	697,735
816,192	-	816,192
		816,192
(46,372)	-	(46,372)
(80,832)	(62,083)	(142,915)
(141,206)	(65,364)	(206,570)
(203,087)	-	(203,087)
44,085	(242,159)	(198,074)
(490,640)	-	(490,640)
-	(25,023)	(25,023)
(34,270)	(24,580)	(58,850)
(641,292)	-	(641,292)
(777,422)	(419,209)	(1,196,631)
		(1,196,631)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 12 Operating segments (cont.)**12.3 Segment Financial Position****As at 31 December 2022**

Segment Assets

Reconciliation of segment assets to group assets:

○ Intra-segment eliminations

Total assets

Segment Liabilities

Reconciliation of segment liabilities to group liabilities:

○ Intra-segment eliminations

Total liabilities**As at 30 June 2022**

Segment Assets

Reconciliation of segment assets to group assets:

○ Intra-segment eliminations

Total assets

Segment Liabilities

Reconciliation of segment liabilities to group liabilities:

○ Intra-segment eliminations

Total liabilities

	Operations \$	Corporate and administration \$	Total \$
Segment Assets	7,734,320	9,651,511	17,385,831
<i>Reconciliation of segment assets to group assets:</i>			
○ Intra-segment eliminations		(8,247,901)	(8,247,901)
Total assets			9,137,930
Segment Liabilities	8,399,801	779,148	9,178,949
<i>Reconciliation of segment liabilities to group liabilities:</i>			
○ Intra-segment eliminations	(8,247,901)	-	(8,247,901)
Total liabilities			931,048
As at 30 June 2022			
Segment Assets	9,288,495	9,345,825	18,634,320
<i>Reconciliation of segment assets to group assets:</i>			
○ Intra-segment eliminations	-	(7,537,049)	(7,537,049)
Total assets			11,097,271
Segment Liabilities	7,932,726	649,585	8,582,311
<i>Reconciliation of segment liabilities to group liabilities:</i>			
○ Intra-segment eliminations	(7,537,049)	-	(7,537,049)
Total liabilities			1,045,262

12.4 Geographical Segments

The Group is domiciled in Australia and all revenue from external parties is generated in Australia.



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2022

Note 13 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

13.1 Basis of preparation

13.1.1 Reporting Entity

Skin Elements Limited (**Skin Elements or the Company**) is a listed public company limited by shares, domiciled, and incorporated in Australia. These are the consolidated financial statements and notes of Skin Elements and controlled entities (collectively **the Group**). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in businesses which deliver accredited and non-accredited vocational education and training solutions throughout Australia and internationally.

The separate financial statements of Skin Elements, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

13.1.2 Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue on 28 February 2023 by the Directors of the Company.

13.1.3 Going Concern

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

13.1.4 Comparative figures

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

13.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

13.3 New and Amended Standards Adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 26, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2022 and of the performance for the half-year ended on that date of the Company.
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the directors by:



PETER MALONE

Managing Director

Dated this Tuesday, 28 February 2023





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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Skin Elements Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Skin Elements Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien**Director**

Perth

28 February 2023





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