

VERATIN LIMITED

ABN: 89 613 404 612

Financial report for the year ended 30 June 2022

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Corporate Directory

Directors

Mr Ramiz Boulos
Mr David Vincent
Mr Giuseppe Lenzo

Registered Office and Principal Place of Business

Unit 1, 14 Hines Road
O'Connor WA 6163

Share Register

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Tel: (02) 9698 5414

Stock Exchange Listing

National Stock Exchange of Australia Ltd
1 Blight Street
Sydney NSW 2000
Tel: (02) 8378 6400

Auditors

Stantons
Level 2
40 Kings Park Road
West Perth WA 6005

Solicitors

Steinepreis Paganin
Level 4, the Read Buildings
16 Milligan Street
Perth WA 6000
Tel: (08) 9321 4000

VERATIN LIMITED

Directors' report

Your Directors present their report on Veratin Limited (the "Company" or "Veratin") for the financial year ended 30 June 2022.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

- Ramiz Boulos Executive Chairman
- David Vincent Non-executive Director
- Giuseppe Lenzo Non-executive Director

Remuneration to Directors

The Company has three directors. Details of the remuneration for each officer of the Company was as follows:

2022	Salary & Fees	Superannuation Contribution	Other	Total
	\$	\$	\$	\$
Ramiz Boulos	71,515	7,152	Nil	78,667
Giuseppe Lenzo	23,686	2,369	Nil	26,055
David Vincent	23,686	2,369	Nil	26,055
Total	118,887	11,890	Nil	130,777

2021	Salary & Fees	Superannuation Contribution	Other	Total
	\$	\$	\$	\$
Ramiz Boulos	27,567	2,619	Nil	30,186
Giuseppe Lenzo	Nil	Nil	Nil	Nil
David Vincent	Nil	Nil	Nil	Nil
Total	27,567	2,619	Nil	30,186

Number of shares in which directors have a joint or beneficial interest

	Balance 30/06/2021	Received as remuneration	Options exercised	Other changes	Balance 30/06/2022
	\$	\$	\$	\$	\$
Ramiz Boulos	48,011,250	Nil	Nil	90,000	48,101,250
Giuseppe Lenzo	31,250	Nil	Nil	Nil	31,250
David Vincent	2,565,000	Nil	Nil	Nil	2,565,000
Total	50,607,500	Nil	Nil	90,000	50,697,500

Details of Directors

Ramiz Boulos, Founder and Managing Director

Qualifications PhD in Chemistry, University of Western Australia, Graduate Certificate of Business from Edith Cowan University and a graduate of the Australian Institute of Company Directors.

Experience Dr Boulos is an inventor and serial entrepreneur. Dr Boulos invented a new class of antibiotics and founded Boulos & Cooper Pharmaceuticals in 2013 to continue that research. He has a broad experience in the chemical sciences and has worked in various projects covering pharmaceutical drug development, biomass utilisation, green chemistry and computer modelling. In 2016, Dr Boulos founded Boulos & Cooper Labs, which carries out research and development in different fields. Dr Boulos holds an Adjunct Lecturer position at Flinders University and is a previous SA Tally Poppy (2014). He is a graduate of the Australian Institute of Company Directors. In 2021, he founded Founders First Pty Ltd to help innovators commercialise their IP.

VERATIN LIMITED

Directors' report

Special Responsibilities As Managing Director of Veratin his special responsibilities include making a declaration relating to statutory accounts under s 295A of the Corporations Act 2001. He holds no other directorship in any other listed entities.

Ramiz Boulos holds 48,101,250 shares (Directly and through beneficial interests).

Giuseppe Lenzo, Non-Executive Director

Qualifications Bachelor Of Commerce from the University of Western Australia
Chartered Accountant
Registered Tax Agent

Experience Giuseppe has worked in the tax, accounting, and business advisory space since 2008 after graduating from University of Western Australia.

He started his career at KMPG, where he attained is Chartered Accountant status (2008 – 2011).

He moved to a boutique tax firm, KD Johns & Co, as a Senior Accountant specialising in tax consultancy services (2011 – 2014). During his time at KD Johns & Co he was promoted to Manager.

In 2014 KD Johns & Co was acquired by Deloitte where he continued his role as Manager (2014 – 2016).

In 2017 Giuseppe started his own tax and accounting practice, G Lenzo Consulting. He has grown his practice significantly since its inception. He services a broad client base and advises on many aspects of business, tax, and accounting issues.

Giuseppe Lenzo holds 31,250 shares (Directly and through beneficial interests).

Special Responsibilities Giuseppe acts in an advisory capacity to the management of Veratin Limited.

David Vincent, Non-Executive Director

Education Scotch College Perth

Experience Extensive experience in the retail food industry and Farmers Market events management
Managing Director: West Side Sales
Market Manager/Owner: The Farmers Market on Manning
Chairman of WA Farmers Market Association

Special Responsibilities David Vincent holds no other directorship in any other listed entities

David Vincent holds 1,252,500 shares
Giuseppina Vincent (spouse) holds 1,252,500 shares
Joanna May Vincent holds 30,000 shares
Bianca Sophia Vincent holds 30,000 shares

Meetings of the Board of Directors

During the financial year, the following board of meetings were held

	Eligible to attended	Attended
Ramiz Boulos	5	5
Giuseppe Lenzo	5	5
David Vincent	5	5

VERATIN LIMITED

Directors' report

Indemnities

There was no indemnity in place to directors against the costs and expenses incurred by them in defending any legal proceedings arising out of their contract while acting in the capacity of director of Veratin.

Principal activities

Undertake the development and commercialisation of high value products from waste wool.

Operating result

The Company's net loss for the year ended 30 June 2022 is \$402,081 (2021: net loss of \$70,547).

During the current year, the Company is focused on the development and commercialisation of high value products from waste wool.

Corporate

There were 9,382,984 shares issued during the period.

Options

There are the outstanding options of 250,000 shares at \$0.25 each which expire on 01 December 2023. There were no options granted which expired during or since the end of financial year.

After balance date events

The Company received the Grant Certificate from Japan for the Patent "Organic fertiliser and soil conditioner containing keratin" with the date of registration as at 01 August 2022.

There are no other significant events which have arisen since the end of the year which may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Environmental regulations

No environmental regulations have an effect on the operations of the Company.

Dividend paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made at the date of this report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 5 and forms part of this report.

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defending legal proceedings.

Signed in accordance with a resolution of the Board of Director.

Ramiz Boulos
Director



30th September 2022

30 September 2022

Board of Directors
Veratin Limited
Unit 1/14A Hines Rd
O'Connor WA 6163

Dear Directors

RE: VERATIN LIMITED

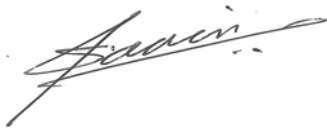
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Veratin Limited.

As Audit Director for the audit of the financial statements of Veratin Limited for the year ended 30 June 2022, 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.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)



Samir Tirodkar
Director

VERATIN LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
Revenue	2	64,062	40,996
Other income	3	19,555	49,527
Materials and supplies and other direct costs		(53,830)	(226)
Consulting and accounting expenses		(75,652)	(44,724)
Employee benefits expenses		(165,112)	(31,136)
Occupancy expenses		(17,009)	(20,274)
Finance costs		(564)	(50)
Depreciation	8	(5,585)	(3,588)
Other expenses		(167,946)	(61,072)
(Loss) before income tax		<u>(402,081)</u>	<u>(70,547)</u>
Income tax expense	4	-	-
(Loss) after tax		<u>(402,081)</u>	<u>(70,547)</u>
Other comprehensive Income			
<i>Items that may be reclassified to profit and loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>		-	-
Total comprehensive (loss) for the year		<u>(402,081)</u>	<u>(70,547)</u>
		cent	cent
Basic and diluted (loss) per share	16	(0.45)	(0.08)

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

VERATIN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	5	344,394	13,851
Trade and other receivables	6	31,848	5,332
Prepayments		11,575	6,295
Inventories	7	49,996	-
Total current assets		<u>437,813</u>	<u>25,478</u>
Non-current assets			
Property, plant and equipment	8	83,880	20,839
Intangible assets	9	130,307	75,594
Total non-current assets		<u>214,187</u>	<u>96,433</u>
Total assets		<u>652,000</u>	<u>121,911</u>
Current liabilities			
Trade and other payables	10	144,735	11,938
Provisions	11	10,234	-
Loan payable	12	11,455	10,525
Total current liabilities		<u>166,424</u>	<u>22,463</u>
Non-current liabilities			
Loan payable	12	25,116	-
Total non-current liabilities		<u>25,116</u>	<u>-</u>
Total Liabilities		<u>191,540</u>	<u>22,463</u>
Net assets		<u>460,460</u>	<u>99,448</u>
Contributed equity	13	1,241,842	478,749
Accumulated losses		<u>(781,382)</u>	<u>(379,301)</u>
Total Equity		<u>460,460</u>	<u>99,448</u>

The statement of financial position should be read in conjunction with the notes to the financial statements.

VERATIN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Contributed Equity	Accumulated Losses	Total
	\$	\$	\$
Balance as at 1 July 2021	478,749	(379,301)	99,448
(Loss) for the year	-	(402,081)	(402,081)
Total comprehensive (loss) for the year	-	(402,081)	(402,081)
Issue of shares (net of costs)	763,093	-	763,093
Balance as at 30 June 2022	1,241,842	(781,382)	460,460
Balance as at 1 July 2020	400,849	(308,754)	92,095
(Loss) for the year	-	(70,547)	(70,547)
Total comprehensive (loss) for the year	-	(70,547)	(70,547)
Issue of shares (net of costs)	77,900	-	77,900
Balance as at 30 June 2021	478,749	(379,301)	99,448

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

VERATIN LIMITED
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2022

	Notes	2022 \$	2021 \$
Cash flow from operating activities			
Receipts from customers		65,576	44,252
Payments to suppliers and employees		(424,143)	(157,704)
R&D rebate received		17,771	15,005
EMD grant received		-	23,976
Cash flow boost received		-	10,000
Net cash (outflow) from operating activities	15	<u>(340,796)</u>	<u>(64,471)</u>
Cash flow from investing activities			
Payments for property, plant and equipment		(47,658)	(1,157)
Payments for intangible assets		<u>(33,350)</u>	<u>(1,025)</u>
Net cash (used in) investing activities		<u>(81,008)</u>	<u>(2,182)</u>
Cash flow from financing activities			
Receipts from borrowings	12	22,580	26,212
Repayment of borrowings	12	(28,202)	(6,300)
Issue of shares	13	758,808	56,450
Interest paid		<u>(839)</u>	<u>(50)</u>
Net cash provided by financing activities		<u>752,347</u>	<u>76,312</u>
Net increase in cash and cash equivalents		330,543	9,659
Cash and cash equivalents at beginning of the year		13,851	4,192
Cash and cash equivalents at end of year	5	<u>344,394</u>	<u>13,851</u>

The statement of cash flows should be read in conjunction with the notes to the financial statements.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1: Summary of significant accounting policies

a) Basis of preparation

(i) General purpose financial report

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for some assets which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

(iii) New Accounting Standards and interpretations adopted by the Company

▪ **AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021**

The Group has applied AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021* this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Company's financial statements.

▪ **AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2**

The Company has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Company's financials.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

(iv) New and amended standards not yet adopted by the Company

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- *AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Company plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

(v) Going Concern Assessment

The financial report has been prepared on a going concern basis, which assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 30 June 2022, the Company had net assets of \$460,460 (2021: \$99,448) and net current assets of \$271,389 (2021: \$3,015), and in the year then ended incurred a loss of \$402,081 (2021: \$70,547) and net operating cash outflows of \$340,796 (2021: \$64,471). These conditions give rise to a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern and to pay its debts as and when they become due and payable is dependent upon the Company earning sufficient revenue, ensuring that they continue to minimise their costs, and manage working capital effectively. The Directors have a reasonable expectation that the business will be able to do this, and therefore has adopted the going concern basis in preparing this financial report.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The Company has made a significant investment in R&D, HR and plant and equipment in FY 2022. This investment will see the Company well positioned to exploit growth opportunities. The Company has identified new potential distributors for its flagship product Verigrow and with Spring here, the Company will be able to offset expenditure from revenue. The Company has also setup an Alibaba store for its Verigrow range and will be investigating export opportunities.

(vi) 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 Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

b) Foreign currency translation

Functional and presentation currency

The financial statements are presented in the Australian dollar (\$), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets are recognised in other comprehensive income.

c) Revenue recognition

AASB 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers and requires application of a five-step process to identify the contract with the customer, identify performance obligations in the contract, determine transaction price, allocate the transaction price to the performance obligations and recognise revenue when performance obligations are satisfied.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Revenue is recognised for the major business activities as follows:

(i) Sale of goods

Revenue from sale of goods is recognised upon the delivery of goods to customers.

(ii) Rendering of services and commission

Revenue from rendering of services and commission is recognised upon delivery of services to customers.

(iii) Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(iv) Research and development rebates, and other government incentives

Research and development rebates and other government incentives are recognised on a cash receipts basis.

d) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

e) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of an asset below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss and other comprehensive income – is removed from equity and recognised in the profit or loss and other comprehensive income statement. Impairment losses recognised in the statement of profit and loss and other comprehensive income on equity instruments classified as available for sale are not reversed through the profit or loss and other comprehensive income.

f) Income tax

The income used for tax calculations is made up of current tax income and deferred tax income.

Current Tax

Current tax assets are measured at the amounts expected to be recovered from the Australian Taxation Office.

Deferred Tax

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as unutilised tax losses.

Except for business combination, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or tax profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

deferred tax asset can be utilised. Tax losses have not been recognised in the current financial period.

Offsetting balances

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement of simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where; (1) a legally enforceable right of set-off exists; and (2) the deferred tax assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

j) Financial instruments

Financial Assets

Classification and measurement

Under AASB 9, the Company initially measures a financial asset as its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Financial assets are then subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Subsequent measurement

The Company's financial assets at amortised cost includes trade and other receivables.

Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans payable.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

(i) Plant and Equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

(ii) Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20%
Vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

l) Intangible assets

(i) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Patents and trademark

Patents and trademark are initially recorded at cost. Assets deemed to have an indefinite life are tested annually for impairment and carried at cost less accumulated impairment losses. Assets deemed to have a finite life are amortised over their expected economic life to the Company and then recorded at cost less accumulated amortisation and impairment losses.

m) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

o) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

p) Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

q) Critical accounting estimates and judgements

• ***Deferred taxation***

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised in the future if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised
- conditions for deductibility imposed by law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The directors on a regular basis will assess the recognition of the deferred tax assets.

• ***Income tax***

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Diversity in practice exists around the accounting treatment of refundable R&D incentives, because the Australian Accounting Standards do not specifically address R&D incentives. The Company has decided to record R&D refundable tax incentives as other income.

• ***Capitalisation of Patent costs as Intangible assets***

Patent costs to the point in time that the patent is granted are capitalised as intangible assets; thereafter management monitors whether the recognition requirements continue to be met and whether or not, there are any indications that the capitalised patent costs have been impaired; if so, provision for impairment will be made.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

2: Revenue

	2022	2021
	\$	\$
Sales of goods	64,062	40,996
	64,062	40,996

(a) Operating segments

The Company operates in one geographic segment, being Australia.

3: Other income

	2022	2021
	\$	\$
Other Income		
• R&D rebates	17,771	15,005
• EMD grant	-	23,976
• Cash flow boost	-	10,000
• Others	824	546
• Gain/(Loss) on Disposal of Assets	960	-
	19,555	49,527

4: Income tax

Reconciliation of income tax expense to prima facie tax payable

	2022	2021
	\$	\$
Loss before income tax	(402,081)	(70,547)
Tax at Australian tax rate of 25% (2021: 26%)	(100,520)	(18,342)
Tax effect of amounts which are not assessable in calculating taxable income:		
- R&D Claim Receivable	(4,443)	(3,901)
- Government Incentive – Cash flow Boost	-	(2,600)
- Other government grants	-	(6,375)
Deferred tax assets not recognised	104,963	31,218
Income tax expense	-	-

Estimated carried forward tax losses of \$736,410^(*) for the financial year has not been brought to account as a deferred tax asset of \$184,103. Based on the value of tax losses incurred, the directors have formed an opinion that the business was not in a position to satisfy the criteria for recognising these losses as a deferred tax asset. The director is of the opinion that these losses remain available for the Company to use in the future.

^(*) The amount has not accounted for the accounting expenditure in Research and development tax incentive section in company tax return as the information is not yet available.

^(*) This is an addition to the carried forward tax losses of \$316,558 as at 30 June 2021 with its associated deferred tax asset of \$79,140 at 25% corporate tax rate for 2022.

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised in the future if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The directors on a regular basis will assess the recognition of the deferred tax assets.

The Company undertakes eligible research and development (R&D) activities and is therefore entitled to claim an R&D offset under the R&D tax incentive as administered by The Australian Taxation Office and the Department of Industry, Innovation and Science. Refer to Note 3.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

5: Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank	342,890	13,851
Cash on hand	1,504	-
	344,394	13,851

6: Trade and other receivables

	2022	2021
	\$	\$
Current		
Trade receivables	4,817	843
GST receivables	16,863	1,989
Other receivables	9,649	2,500
Receivable from related parties	519	-
	31,848	5,332

Trade and other receivables are non-interest bearing and are generally settled on a 30-60 days term. None of the receivables are past due and not impaired.

7: Inventories

	2022	2021
	\$	\$
At the lower of cost or net realisable value		
Stock on Hand – cost	2,318	-
Raw Materials & Supplies – cost	39,173	-
Packaging	8,190	-
Manufacturing related supplies	315	-
	49,996	-

8: Property, plant and equipment and Intangible asset

	2022	2021
	\$	\$
Vehicles – at cost	29,449	3,084
Vehicles - accumulated depreciation	(1,815)	(995)
Vehicles - carrying value at the end of the year	27,634	2,089
Plant & equipment - at cost	65,576	24,632
Plant & equipment - accumulated depreciation	(9,330)	(5,882)
Plant & equipment - carrying value at the end of the year	56,246	18,750
Total property, plant & equipment	83,880	20,839

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

Reconciliation of carrying amount	2022	2021
	\$	\$
At cost	95,026	27,717
Accumulated depreciation	(11,146)	(6,878)
	83,880	20,839

Cost	Office Equipment \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
As at 1 July 2020	882	22,592	3,084	26,558
Additions	-	1,158	-	1,158
Disposals	-	-	-	-
As at 30 June 2021	882	23,750	3,084	27,716
Additions	1,860	39,085	29,449	70,394
Disposals	-	-	(3,084)	(3,084)
As at 30 June 2022	2,742	62,835	29,449	95,026
Depreciation				
As at 1 July 2020	220	3,098	299	3,617
Depreciation charge for the year	133	2,432	696	3,261
Disposals	-	-	-	-
As at 30 June 2021	353	5,530	995	6,878
Depreciation charge for the year	198	3,250	2,137	5,585
Disposals	-	-	(1,317)	(1,317)
As at 30 June 2022	551	8,780	1,815	11,146

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

9: Intangible assets

	2022	2021
	\$	\$
Patents		
Cost	128,377	74,476
Accumulated amortisation	-	(327)
	128,377	74,149
 Trademark, at cost	 1,930	 1,445
Total	130,307	75,594

10: Trade and other payables

	2022	2021
	\$	\$
Current		
Trade payables	34,638	5,811
Sundry payables and accrued expenses	110,097	6,127
	144,735	11,938

Trade payables are non-interest bearing and are generally settled on 30-60 day terms. Trade and other payables that are past due as at 30 June 2022 amounted to \$1,043 (2021: Nil).

11: Provisions

	2022	2021
	\$	\$
Current		
Provision for Annual Leave	10,234	-
	10,234	-

12: Loans payable

	2022	2021
	\$	\$
<i>Current</i>		
Loans payable to related parties (i)	-	5,300
Loans payable to third party (ii)	5,567	5,225
Hire Purchase Liability (iii)	5,888	-
	11,455	10,525
 <i>Non-current</i>		
Hire Purchase Liability (iii)	25,116	-

(i) During 2022 the following loans were provided by related parties of the Company;

- During 2022, the prior year loan of \$5,300 were converted into shares on 04 August 2021; an additional interest-free loan of \$2,580 (2021: \$20,400) was provided by shareholder Boulos & Cooper Trust; repayments of \$2,580 were made during the year.
- During 2022, a \$20,000 loan was provided by two directors, Giuseppe Lenzo and David Vincent, \$10,000 each, on 18 January 2022. No interest was applied to the loan. The entire loan was paid back on 17 February 2022.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

(ii) Loans payable to a third party is for insurance funding. The terms of the finance arrangement are as follows:

- Insurance Funding \$5,624.68
 - Amount financed: \$5,550
 - Additional fee: \$60
 - Start date: 16 June 2022
 - Expiry date: 15 June 2023
 - Monthly repayments: \$492.26
 - Finance term: 12 months
 - Interest rate: 6.43%
 - Maturity: 16 May 2023

(iii) Loans payable to a third party is for insurance funding. The terms of the finance arrangement are as follows:

- Motor vehicle loan \$31,386 (Hire purchase)
 - Amount financed: \$30,849
 - Additional fee & registration: \$1,860
 - Start date: 06 May 2022
 - Expiry date: 06 April 2027
 - Monthly repayments of \$610.26
 - Finance term: 60 months
 - Interest rate: 5.14%
 - Maturity: 05 April 2027
 - Maturity Analysis of future hire purchase payments

	Amount
	\$
Within one year	7,419
Later than 1 year and not later than 5 years	28,440
Total	<u>35,859</u>

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

13: Contributed equity

	2022	2021
	\$	\$
Share Capital		
Fully paid Ordinary Shares	1,241,842	478,749
<i>Movement in Share Capital</i>		
At beginning of the year	478,749	400,849
Shares issued during the year		
Initial Public Offering ("IPO") (*)	632,854	-
Additional shares issued (**)	130,239	77,900
At end of the year	1,241,842	478,749
	2022	2021
	Number	Number
Shares on issue at beginning of year	85,683,750	22,355
Shares issued during the year		494
Initial Public Offering ("IPO")	7,715,000	-
Additional shares issued	1,667,984	-
Shares in issue at end of the year	95,066,734	22,849
Stock-split (3,750 shares for every 1 existing share)	-	85,660,901
Shares on issue at end of the year (post-stock split)	95,066,734	85,683,750

On 14 June 2021, a share split (3,750 shares for every 1 existing share) was carried out by the Company to align the share price to a future pre-IPO seed capital price in order to attract more investors. The split was determined based on a price of \$0.08 per share.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholder's meetings, each ordinary share is entitled to one vote when a poll is called.

The total share issued capital of \$763,093 consists of \$5,300 which was converted from payable loan and \$1,015 accrued share capital cost. This results in total of \$758,808 received in cash.

(*) In February 2022, the IPO on National Stock Exchange successfully raised \$771,500 before share issue cost of \$138,093 from 7,715,000 shares at \$0.10 per share.

(**) The share issued capital of \$130,239 consists of \$5,300 was converted from payable loan into 66,250 shares at \$0.08 per share.

14: Commitments and contingencies

The Company has no commitments at year end other than those reflected in the financial statements.

The Company has no contingent liabilities as at the date of the financial report.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

15: Cash flow information

Reconciliation of cash flow from operations with (loss) from ordinary activities after income tax

	2022	2021
	\$	\$
Loss for the year	(402,081)	(70,547)
Depreciation	5,585	3,587
Interest expense & borrowing cost	839	50
Others	2,926	-
<i>Changes in assets & liabilities</i>		
Trade and other receivables	(76,512)	(1,464)
Trade and other payables	133,727	10,198
Prepayments	(5,280)	(6,295)
Net cash flow (used in) operating activities	<u>(340,796)</u>	<u>(64,471)</u>

16: Loss per share

	2022	2021
	\$	\$
(a) Reconciliation of loss used in calculating loss per share		
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(402,081)	(70,547)
(b) Weighted average number of shares		
Ordinary shares used as the denominator in calculating basic loss per share	89,841,463	84,198,359
	Cents	Cents
(c) Loss per share		
Basic loss per share	(0.45)	(0.08)
Diluted loss per share	(0.45)	(0.08)

17: Related Party Transactions

(a) Key Management Personnel Compensation

The aggregate compensation paid to the Directors of the Company is as follows:

	2022	2021
	\$	\$
Wages and salaries: Executive Director (Ramiz Boulos)	71,515	27,567
Superannuation: Executive Director (Ramiz Boulos)	7,152	2,619
Director Fee: Non-Executive (Giuseppe Lenzo)	26,055	-
Director Fee: Non-Executive (David Vincent)	26,055	-
	<u>130,777</u>	<u>30,186</u>

- The Director Fees haven't been paid during the year. Their service agreements of \$30,000 (inclusive of superannuation) will be settled in the form of issued shares. The agreements cover the period from 18 August 2021 to 18 August 2022.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

(b) Other related party transactions

- A \$2,580 interest-free loan was provided to the Company by Boulos & Cooper Trust and repayment made during the year (2021: \$20,512).
- Each of the two Non-Executive Directors provided an interest-free loan of \$10,000 which were paid back fully during the year.
- The Company paid \$10,000 plus GST to Boulos Cooper Labs Pty Ltd for the License Fee for Biodegradable IP.

18: Financial risk management

Objectives and policies and financial instruments

The Company's financial instruments consist mainly of cash at bank, trade receivables, loans payable and trade payables.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	344,394	13,851
Trade and other receivables	31,848	5,332
Total Financial Assets	376,242	19,183
Financial Liabilities		
Trade and other payables	144,735	11,938
Loans payable – current	11,455	10,525
Total Financial Liabilities	156,190	22,463

Financial Risk Management Policies

The Board of Directors monitors the Company's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

Specific Financial Risk Exposures and Management

The main risk that the Company is exposed to through its financial instruments are liquidity risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

The Company has no concentrations of credit risk.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above in this note.

As at 30 June 2022, all cash and cash equivalents were held by either National Australia Bank, both with an A (Standard and Poor's) credit rating. In relation to trade receivables, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

VERATIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to its trade and other payables and loans payable. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- only investing surplus cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is considered minimal.

19: Segment information

AASB 8 '*Operating Segments*' requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes by the chief operating decision maker ("CODM").

For management purposes, the Company is organised into one main operating segment, being the development and commercialisation of high value products from waste wool in Australia. The chief operating decision maker of the Company is the Executive Director.

All the Company's activities are interconnected and all significant operating decisions are based on analysis of the Company as one segment. The financial results of the segment are the equivalent of the financial statements as a whole. At 30 June 2022, all revenues and material assets are considered to be derived and held in one geographical area being Australia.

20: Events occurring after the reporting period

There are no other significant events which have arisen since the end of the year which may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year.

VERATIN LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Veratin Limited, the directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; which constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended.
2. In the director's 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.

Ramiz Boulos
Director



Dated this the 30th September 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VERATIN LIMITED****Report on the Audit of the Financial Report*****Qualified Opinion***

We have audited the financial report of Veratin Limited (the "Company") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical inventory quantities as described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The Company's inventories are carried in the statement of financial position at \$49,996 which includes raw materials of \$39,174. We did not observe the stock count as at 30 June 2022 as management did not give us access to attend the stock count. We were unable to obtain sufficient appropriate audit evidence to support the raw materials' completeness and existence. We were unable to satisfy ourselves by alternative means concerning the completeness and existence, leading to the rights and obligations and valuation as at 30 June 2022 of the raw materials.

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 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty in Relation to Going Concern

As referred to in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2022, the Company had cash and cash equivalents of \$344,394 and incurred a loss

after income tax of \$402,081. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is subject to the future profitability of the Company. In the event that the Company is not successful in being profitable, the Company may not be able to meet its liabilities as and when they fall due, and the realisable value of the Company's assets may be significantly less than book values.

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.

We have determined that there are no key audit matters to be communicated in our audit report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion 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 Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2022.

In our opinion, the Remuneration Report of Veratin Limited for the year ended 30 June 2022 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar

Director

West Perth, Western Australia

30 September 2022