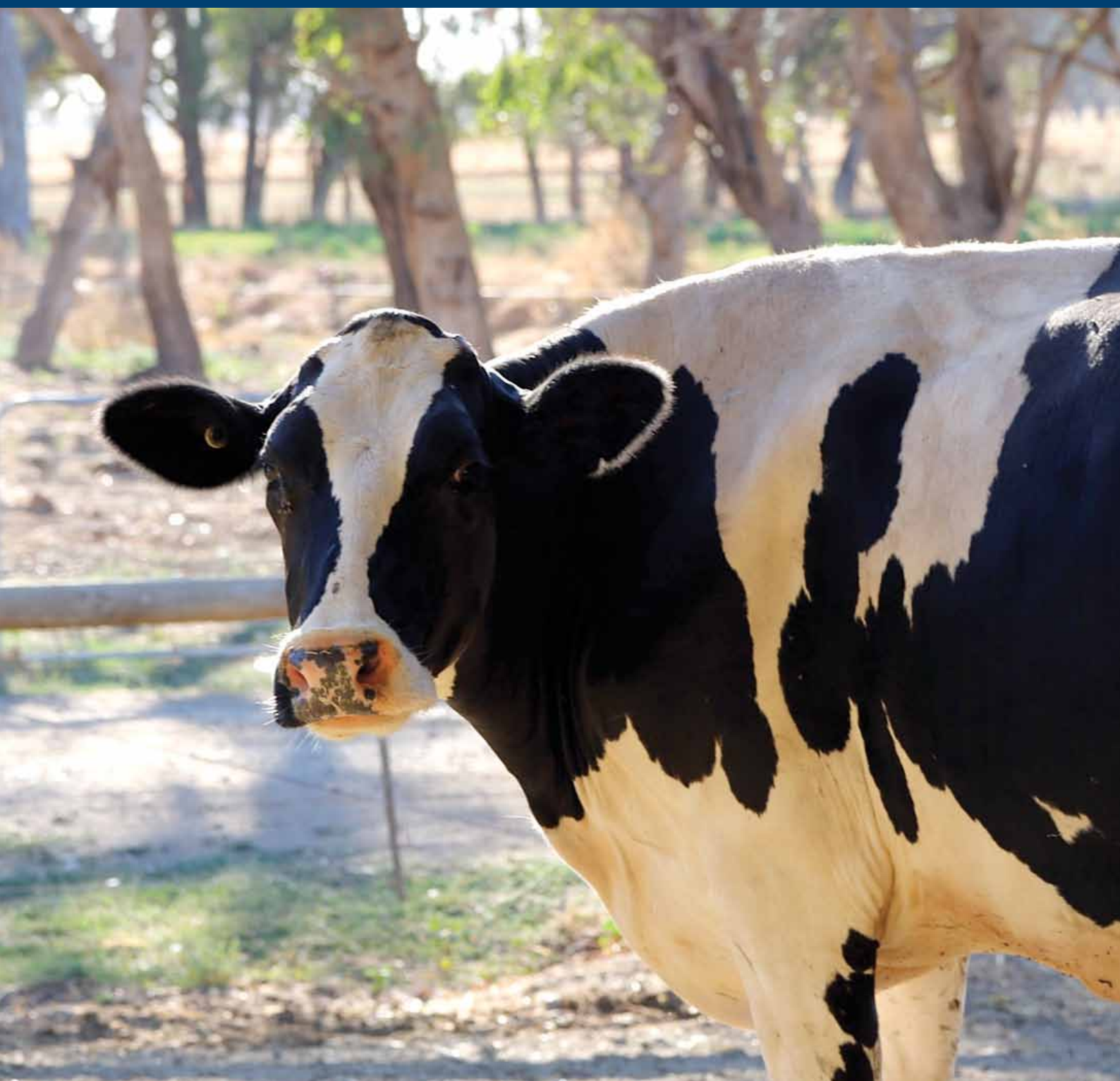


2013 Annual Report



Genetocs
AUSTRALIA



Genetics Australia Co-operative Limited and Controlled Entities

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Chief Executive Officer
Etienne Veldhuis, MBA

Secretary
Jens Karnoe

Auditors
Bell Partners,
Chartered Accountants

Bankers
National Australia Bank Limited

Directors as at 30 October 2013
Ross Gordon, (Chairman) Dip. Farm Man.
Cohuna, Vic

Simon Bennett, MAICD, Dip Ag.
Elizabeth Town, Tas.

Wesley Brown
Tamworth, NSW

Craig Drake, Dip. Ag. Sc. Dip. Farm Man. FAICD Dip.
Allansford, Vic.

Trevor Henry (Deputy Chairman)
Maffra, Vic.

Jens Karnoe, MBus (Mktg), FAMI, CPM, FAICD
East Malvern, Vic.

Chairman's Report

The 2012/2013 year was a very challenging year for most involved in the Dairy industry, including Genetics Australia Co-operative Limited (Genetics Australia).

With lower opening farm gate prices which failed to reach year end forecasts and deteriorating seasonal conditions in many Dairying areas, farmer's capacity to invest in their herds diminished.

This ultimately resulted in a very disappointing year for Genetics Australia.

Much of the year was focussed on the proposed merger with Herd Improvement Co-operative Limited (HICO). Unfortunately the complexities of merging the two Co-operatives made the exercise slow and costly. Following strategic and business analysis, it was clear that Genetics Australia needed to focus on our core business and as a result the Genetics Australia Board decided to sell our retail, herd recording and herd services division.

The acquisition of the retail business (Eastern) by HICO and (Western) by Northern Herd Development Co-operative Limited (trading as National Herd Development Co-operative) will bring benefits to each of our sister Co-operatives by creating scale and efficiencies allowing them to better service customers in these regions. Genetics Australia will now focus on our core business supplying the very best local genetics, together with imported semen and our strong merchandise products.

Genetics Australia has been supplying Australian dairy farmers with semen suited to the Australian environment for over fifty five years. Over that time there has been a huge improvement in the production, conformation and overall functionality of the Australian Dairy cow, whether they be Jerseys, Holsteins or Aussie Reds. Genetics Australia will continue to drive this improvement using Genomics and the latest research into cow fertility to assist our Australian farmers to continue to be among the most efficient in the world.

To this end Genetics Australia is totally committed to an Australian breeding program for all three major breeds, and together with our loyal bull breeders and through our access to Australian Genomic data we will continue develop genetics most suited to our Australian Dairy industry. We will continue our strong relationship with Dairy Australia, ADHIS, NHIA and the Breed Societies to ensure the products we supply meet the demands of our shareholders and customers. To our Progeny Test members we thank you for your continued involvement in our program. Your contribution to identifying and developing the next generation of elite sires is greatly appreciated.

I must acknowledge the contribution of Etienne Veldhuis our CEO, together with Stuart Horsburgh and Anthony Shelly for their efforts in stabilizing, then refocussing Genetics Australia to propel the Co-operative into the future. To all our staff, thank you for your efforts during what was a tough year and we look forward to a brighter future. To those staff no longer with Genetics Australia, thank you for commitment to Genetics Australia over the years and on behalf of the Board and Shareholders I wish you all the best in the future in your new roles in the industry.

During the year Frank Davis retired from the Board and Daryl Hoey resigned to spend more time with his family. We wish them both good health for the future. Simon Bennett has decided not to renominate for a Board position. We thank Simon for his contribution to Genetics Australia over the last nine years. To my fellow Board members, thank you for your diligence during the year. You have acted at all times in the best interests of our shareholders and staff.

Although a very difficult year, our decisions will place Genetics Australia in a strong position to serve our shareholders well into the future.

The Australian Dairy industry has a strong future and Genetics Australia will play a major part in delivering quality genetics to allow our farmers to prosper into the future.



ROSS GORDON
– CHAIRMAN



CEO's Report

Dear shareholder and stakeholder,

Genetics Australia Co-operative Limited ("Genetics Australia") is a great organisation with significant heritage, a wealth of knowledge, a strong brand, and a leading position in genetics in Australia and is supported by a solid net asset base. We have tremendous potential in terms of operational improvement and financial returns but as our 2012/2013 results reaffirmed, we cannot be satisfied with our current performance, and we have commenced and will step up to deliver on that potential.

Financials

Genetics Australia had a challenging year to June 2013 with revenue of \$14.5m. The full year income statement shows a result of \$2.86m loss before income tax and \$1.96m loss after tax. The result includes a significant \$1.28m non-cash stock write-down. The loss before Interest, tax, depreciation and amortisation and before stock writedown was \$562k for the period. The net assets (after a recent valuation of land and buildings) equals \$10.4m at end of June 2013.

Towards the end of last financial year the departure of the CEO and Finance Manager was announced and the board of directors decisively appointed a new senior executive team under my leadership. I am honoured to lead our company through this transformation and am encouraged by the start we have made, on what will be a journey to a brighter future.

Restructuring (Post 30 June 2013)

Genetics Australia needed to improve profitability, free up cash flow, reduce liabilities and drastically reduce our expense base line. Resulting from our business and strategic analysis, we decided to exit our retail and services businesses in Gippsland and Western Victoria. This exit from the retail and services businesses will enable Genetics Australia to focus on its core business of the production, importation and the marketing of semen and related merchandise products. The sale of the retail and services businesses was completed in October 2013 and we are pleased that these businesses will remain in the hands of sister co-operatives active in the industry.

The sales of these businesses will have a positive effect on our cash flow, profitability, and financial return. There will be a material reduction in major expense categories evidenced in the key drivers of our operating expenses in employees (reduced from 92 to 33) and motor vehicles.

Outlook

We are in the early stages of transforming your co-operative, and I am delighted that the organisation is responding well to the new initiatives. It will lead us to the goal of being a long term viable and sustainable business.

We are cautious about 2014, given the seasonality, uncertainty and volatility of the market. However the strategic initiatives noted above are aimed at improving our business performance, including our cash flow and profitability. All of us at Genetics Australia are fully committed to improve our operational performance and to achieve our financial targets.

On behalf of the Executive Team, I would like to thank our customers for their loyalty to Genetics Australia over this past year. I would also like to thank all our employees for their hard work – as well as for their willingness to embrace change. Finally I would like to thank in particular our shareholders, and other stakeholders for their continued support in these challenging times. We have set out on a demanding and exciting journey, more than ever we are determined to unlock Genetics Australia's potential. For over 55 years Genetics Australia has been committed to building better herds in Australia and will continue to do so into the future.



ETIENNE VELDHUIS, MBA
– CEO



Director Profiles



Ross Gordon

(Chairman)

Dip. Farm Man.
Cohuna, Vic.

Ross was elected to the Board in November 2006. He was a director of Northern Herd Development Cooperative Ltd for fourteen years, including three years as Chairman. Ross became Chairman of the Cooperative in November 2010.



Frank Davis

FCPA, F.Fin, FAIM, FAICD Dip.
Carlton, Vic.

Frank was appointed to the Board in 2008. He has extensive experience in banking, finance and governance. Frank is a former Chairman of Warrnambool Cheese and Butter Limited and former Chairman of the Audit and Risk Management Committee. Frank resigned from the Board on 27th May 2013.



Trevor Henry

(Deputy Chairman)

Maffra, Vic.

Trevor was appointed to the Board in May 2010 to fill a casual vacancy. Trevor is Chairman of the Animal Care & Welfare Committee and a member of the Audit & Risk Management Committee. Trevor became Deputy Chairman in March 2013.



Craig Drake

Dip. Ag. Sci., Dip. Farm Man., FAICD Dip
Allansford, Vic.

Craig was elected to the board in December 2011. He has been a director of Tas Herd since 2000. He is a former board member of Warrnambool Cheese & Butter and former chairman of Western Herd Improvement. Craig is a member of the Audit & Risk Management Committee.



Simon Bennett

MAICD, Dip. Ag.

Elizabeth Town, Tas.

Simon was appointed to the Board in August 2004. He has a Diploma in Agriculture. In 2004, he was elected to the Australian Dairy Conference board. He has completed the Australian Institute of Company Directors course.



Daryl Hoey

Katunga, Vic.

Daryl was appointed to the Board in May 2012 to fill a casual vacancy. He is a dairy farmer at Katunga, northern Victoria, milking 300 cows in a family partnership. Daryl holds representative positions on industry boards: ADHIS, Australian Dairyfarmers, Murray Dairy and United Dairy Farmers of Victoria. Daryl resigned from the Board on 22nd July 2013.



Wesley Brown

Tamworth, NSW

Wes joined the Board in November 2010 and farms in Tamworth NSW. He is a former Holstein Australia NSW Branch President and Federal delegate. He has also represented suppliers as a Ward Representative for Dairy Farmers Limited.



Jens Karnoe

MBus (Mktg), FAMI, CPM, FAICD
East Malvern, Vic.

Appointed in August 2004, Jens has over 30 years experience in marketing, with senior positions at a number of well-known companies. He holds a Masters degree in Marketing, and is a Fellow of the Australian Institute of Company Directors and the Australian Marketing Institute. Jens is also Chairman of the Audit & Risk Management Committee and Company Secretary.

Directors' Report

Your Directors present their report, together with the audited financial report of the consolidated Group for the financial year ended 30th June, 2013.

The Directors of the Co-operative in office at any time during or since the end of the financial year and up to the date of this report are:

Ross Gordon (Chairman)
Trevor Henry (Deputy Chairman)
Simon Bennett
Wesley Brown
Frank Davis (Resigned 27th May, 2013)
Craig Drake
Daryl Hoey (Resigned 22nd July, 2013)
Jens Karnoe

Refer to pages 3 and 5 for the Director's qualifications and meeting attendances.

The principal activities of the Group during the financial year were the proving and sale of genetically superior bull semen for Australian conditions and the sale of other related items to Australian Dairy Farmers.

No significant change in the nature of these activities occurred during the year.

The Net loss of the Group after providing for income tax amounted to \$1,955,075.

A review of the operations of the Group is set out in the Chairman's Review.

Other than those outlined in the Chairman's Review, no other significant changes in the Co-operatives state of affairs occurred during the financial year.

The Directors recommend that no dividend be paid.

Subsequent to the reporting date, the co-operative entered into agreements to dispose of its retail business. On 5 October 2013 the co-operative executed a contract to sell its retail and services business conducted from locations at Maffra, Leongatha and Warragul to Herd Improvement Co-operative. Completion occurred 15 October, 2013.

On 13 October 2013 the co-operative executed a contract to sell the retail business conducted from locations at Warrnambool, Timboon and Terang to Northern Herd Development Co Operative. Completion will occur 31 October, 2013.

On 12 July 2013 the property held for sale (Note 12) was settled for its book value.

Subsequent to the reporting date the co-operative also received approval from the Australian Securities & Investments Commission for the deregistration of its two subsidiaries Genetics Australia Pty Ltd and GeneExpress Pty Ltd.

The likely developments in the operations of the Group in subsequent financial years are set out in the Chairman's review.

In the opinion of the Directors, disclosure of any further information on likely developments would be unreasonably prejudicial to the interests of the Group.

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth of a State or Territory.

The Group has not, during the course of the year or since the end of the year, granted to a person a formal option to have issued to him/her a share in the Group.

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Rule 63 of the constitution of the Co-operative indemnifies officers in accordance with section 227 of the Co-operative Act 1996. Further, during the year, the Co-operative paid an insurance policy for the benefit of directors and officers of the Co-operative. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against, and the amount of the premium.

Auditor's Independent Declaration

A copy of the auditor's independence declaration as requested under section 307C of the Corporation Act is set out below.

This Report is made in accordance with a resolution of the Board and signed for and behalf of the Directors.



Ross Gordon
Chairman



Trevor Henry
Deputy Chairman

Bacchus Marsh 30th day of October, 2013

Meetings of Directors

The number of directors' meetings and the number of meetings attended by the directors during the financial year were:

Board Meetings

Director	Eligible to Attend	Attended
R Gordon	11	11
T Henry	11	10
S Bennett	11	11
W Brown	11	11
F Davis	10	10
C Drake	11	11
D Hoey	11	10
J Karnoe	11	11

Audit & Risk Management Meetings

Director	Eligible to Attend	Attended
R Gordon	-	-
T Henry	2	2
S Bennett	8	8
W Brown	-	-
F Davis	9	9
C Drake	10	10
D Hoey	-	-
J Karnoe	10	10

Auditor's Declaration



Auditor's independence declaration under S 307C of the Corporations Act 2001 to the Directors of Genetics Australia Cooperative Limited and Controlled Entities

I declare that, to the best of my knowledge, during the year ended 30 June 2013 there have been:

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

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

Bell Partners

Ryan H Dummett (Partner)
Registered Company Auditor 217647
Dated this 30th day of October 2013
Level 20, 181 William Street, Melbourne, VIC, 3000

Liability limited by a scheme approved under Professional Standards Legislation.



Statement of Comprehensive Income

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Income Statement			
Revenue	3	14,466,526	16,538,988
Other income	3	90,785	619,750
Changes in inventories of finished goods		(1,047,676)	27,476
Semen and Merchandise Used		(3,725,975)	(5,136,495)
Stock writedown		(1,278,421)	(139,949)
Employee benefits expense		(5,690,601)	(5,874,668)
Depreciation and amortisation expense	4	(749,937)	(830,415)
Finance costs	4	(267,826)	(254,074)
Shareholder benefits		(33,072)	(65,373)
Other expenses		(4,622,781)	(4,301,034)
Profit/(Loss) before Income Tax		(2,858,978)	584,206
Income tax (expense) / benefit	5	903,903	(19,234)
Profit/(Loss) for the year		(1,955,075)	564,972
Profit/(Loss) attributable to:			
Members of the parent entity		(1,955,075)	452,790
Non-controlling interest		-	112,182
		(1,955,075)	564,972
Statement of Comprehensive Income			
Profit/(Loss) for the year		(1,955,075)	564,972
Other comprehensive income for the year		441,521	-
Total comprehensive income for the year		(1,513,554)	564,972
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(1,513,554)	452,790
Non-controlling interest		-	112,182
		(1,513,554)	564,972

Statement of Financial Position

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	8	193,496	248,075
Trade and other receivables	9	2,602,886	3,438,393
Inventories	10	2,313,926	3,361,602
Other assets	11	244,926	107,331
Non-current assets held for sale	12	659,857	1,800,000
Total Current Assets		6,015,091	8,955,401
Non-Current Assets			
Financial assets	13	20	5,569
Property	15	10,085,000	8,394,749
Plant & equipment, and motor vehicles	15	1,420,427	1,674,648
Livestock	15	663,459	619,174
Intangibles	16	15,843	20,958
Total Non-Current Assets		12,184,749	10,715,098
Total Assets		18,199,840	19,670,499
Current Liabilities			
Trade and other payables	17	3,342,380	2,875,951
Financial Liabilities	18	3,137,721	2,744,400
Provisions	21	639,158	693,233
Total Current Liabilities		7,119,259	6,313,584
Non-Current Liabilities			
Financial Liabilities	18	232,684	293,542
Other Financial Liabilities	19	98,257	100,396
Deferred tax liabilities	20	159,871	874,550
Provisions	21	25,991	9,191
Total Non-Current Liabilities before member's share capital		516,803	1,277,679
Member's interest	25	151,258	153,162
Total Non-Current Liabilities		668,061	1,430,841
Total Liabilities		7,787,320	7,744,425
Net Assets		10,412,520	11,926,074
Equity			
Reserves		5,293,323	4,851,802
Retained earnings		5,119,197	7,074,272
Parent interest		10,412,520	11,926,074
Non-controlling interest		-	-
Total Equity		10,412,520	11,926,074

Statement of Changes in Equity

for the year ended 30 June 2013

	Retained Earnings	General Reserve	Asset Revaluation Reserve	Non-controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	6,621,482	1,307,561	3,544,241	(112,182)	11,361,102
Profit / (Loss) for the year	452,790	-	-	112,182	564,972
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2012	7,074,272	1,307,561	3,544,241	-	11,926,074
Profit / (Loss) for the year	(1,955,075)	-	-	-	(1,955,075)
Total other comprehensive income for the year	-	-	441,521	-	441,521
Balance at 30 June 2013	5,119,197	1,307,561	3,985,762	-	10,412,520

Statement of Cash Flows

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flow from Operating Activities			
Receipts from customers		16,631,735	18,336,424
Other Revenue		745	563,556
Payments to suppliers & employees		(16,378,330)	(17,535,638)
Finance costs paid		(267,826)	(254,074)
Net cash provided by/(used in) operating activities		(13,676)	1,110,268
Cash Flow from Investing Activities			
Payments for property, plant, equipment, motor vehicles and livestock		(547,604)	(1,261,668)
Payments for non-current assets held for sale		(17,354)	-
Proceeds from sale of properties and investments		-	38,159
Proceeds from sale of plant, equipment, motor vehicles and livestock		195,635	397,296
Net cash provided by/(used in) investing activities		(369,323)	(826,213)
Cash Flow from Financing Activities			
Proceeds from sale of Intangibles		-	12,105
Proceeds from share issues/(redemptions)		-	(397)
Net proceeds/(repayment) of borrowings		332,464	(53,709)
Loans from/(to) other parties		(4,044)	(245)
Net cash provided by/(used in) financing activities		328,420	(42,246)
Net increase/(decrease) in cash held		(54,579)	241,809
Cash at beginning of financial year		248,075	6,266
Cash at end of financial year	8	193,496	248,075

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Genetics Australia Cooperative Limited and controlled entities (the "Group").

The separate financial statements of the parent entity, Genetics Australia Cooperative Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

Basis of Preparation

Genetics Australia Cooperative Limited and controlled entities has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the annual reporting period beginning 1 July 2011.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Genetics Australia Cooperative Limited at the end of the reporting period. A controlled entity is any entity over which Genetics Australia Cooperative Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 14 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies

of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling shareholder's interest in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or 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 settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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 deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Notes to the Financial Statements

for the year ended 30 June 2013

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to 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.

The Group is not registered as a consolidated tax group for the purpose of income tax.

Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Property, Plant, Equipment and Livestock

Freehold land and buildings are shown at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount of land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

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

The cost of fixed assets constructed within the group includes the cost of materials, direct labour, borrowing costs and an appropriate apportionment of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount and recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Livestock

Livestock is measured on the cost basis less accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation rates
Buildings	2.5-20%
Plant and Equipment	4-27%
Leased Plant and Equipment	4-27%
Livestock	20%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Notes to the Financial Statements

for the year ended 30 June 2013

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to statement of comprehensive income immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date, which will be classified as current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the Financial Statements

for the year ended 30 June 2013

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline below cost of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in statement of comprehensive income.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates of jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Intangibles

Intangibles include trademarks, customer lists and establishment costs which are capitalised, and subject to the impairment of assets testing. Intangible assets are amortised over their useful lives.

Foreign Currency Transactions and Balances **Functional and presentation currency**

Each group entity operates in Australia and uses the Australian dollar as their functional currency. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. There has been no change in the functional and presentation currency of the group.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of comprehensive income.

Employee Benefits

Provision is made for the Group'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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Provisions

Provisions are recognised when the Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at reporting date.

Cash and Cash Equivalents

Cash and cash equivalents include 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.

Revenue

Revenue from the sale of goods is recognised upon delivery of goods as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in these goods.

Notes to the Financial Statements

for the year ended 30 June 2013

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent to the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of each reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

Shareholder benefits

Rebates provided to shareholders of the Group have been aggregated in the statement of comprehensive income as an expense "Shareholder Benefits". In addition, Shareholders have received discounted prices on semen purchased during the financial year.

Trade and Other Payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australia Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cashflows.

Members Interest

Members share capital is treated as a liability. Classification in this manner occurs because the Co-operative must forfeit and ultimately repay share capital that is forfeited under the inactive membership

rules contained in the Co-operatives Act 1996 and the Rules of the Co-operative.

Comparative Figures

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

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Employee Entitlements

The Group assesses the probability that staff reach 7 years of service and become entitled to long service leave. This assessment is done by evaluating current trends and expectations of future events. At the reporting date it is expected that all annual leave will be used or paid out within 12 months.

Key judgements

Impairment

The Group assessed that no indicators of impairment existed at the reporting date and as such no impairment testing was performed.

The financial report was authorised for issue on 30th October, 2013.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 2 : PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

	2013 \$	2012 \$
Statement of Financial Position		
ASSETS		
Current Assets	6,025,620	8,954,578
Non-Current Assets	12,184,761	9,846,485
Total Assets	18,210,381	18,801,063
LIABILITIES		
Current Liabilities	7,119,110	6,302,484
Members Interest	151,258	153,159
Non-Current Liabilities	516,802	411,439
Total Liabilities	7,787,170	6,867,082
Net Assets Employed	10,423,211	11,933,981
EQUITY		
General Reserve	1,307,561	1,307,561
Asset Revaluation Reserve	3,985,762	3,544,241
Retained earnings	5,129,888	7,082,179
Total Equity	10,423,211	11,933,981
Statement of Comprehensive Income		
Total Profit (Loss) for the year	(1,952,291)	284,507
Total Comprehensive Income	(1,510,770)	284,507

Guarantees

As at 30 June 2013 Genetics Australia Cooperative Limited did not provide any guarantees.

Contingent Liabilities

The directors are not aware of the existence of any contingent liabilities or contingent assets that exist for Genetics Australia Cooperative Limited as at the reporting date.

Contractual Commitments

The Directors are not aware of any contractual commitments that Genetics Australia Cooperative Limited has for the acquisition of property, plant and equipment as at the end of the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 3 : REVENUE

	Note	2013 \$	2012 \$
Sales Revenue			
-sale of goods		11,669,199	12,730,503
-genetic and other services		2,797,327	3,808,485
Total sales revenue		14,466,526	16,538,988
Other Income			
- interest		745	10,741
- gain on disposal of plant and equipment		90,040	609,009
Total other income		90,785	619,750
Total sales revenue and other income		14,557,311	17,158,738

NOTE 4 : PROFIT BEFORE INCOME TAX

Expenses:			
Finance costs - External		267,826	254,074
Depreciation of non-current assets	15	749,937	830,415

NOTE 5 : INCOME TAX EXPENSE (BENEFIT)

(a) The components of tax expense (benefit) comprise:

Current tax		-	-
Deferred tax		(903,903)	19,234
Under / over provision in prior year		-	-
		(903,903)	19,234

(b) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Prime facie tax expense (benefit) on profit/(loss) from ordinary activities before income tax @ 30%		(857,693)	175,262
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Add

Tax effect of:			
-Non-deductible expenses		7,643	9,438
-Other assessable income		-	-
		7,643	9,438

Less

Tax effect of:			
-Non-assessable income		-	948
-Adjustment to cost base of land and buildings		53,852	-
-Other deductible expenses		-	-
-Recoupment of tax losses		-	164,518
		53,852	165,466
Income tax expense (benefit) attributable to entity		(903,903)	19,234

(c) Tax effects relating to other comprehensive income

Current tax		-	-
Deferred tax		189,224	-

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 6 : AUDITORS' REMUNERATION

	2013 \$	2012 \$
Remuneration of auditor		
- audit for the year ended 30 June	30,000	37,330
- interim audit for the period ended 28 February 2013	34,500	-
- other services	60,407	18,000
Total remuneration of auditor	124,907	55,330

NOTE 7 : KEY MANAGEMENT PERSONNEL COMPENSATION

Total of the Remuneration paid to key management personnel of the group during the year as is as follows:

- Directors	158,597	146,109
- Executives	597,067	875,673
	755,664	1,021,782

The names of directors of the Group who have held office during the financial year are set out in the Directors' Report.

NOTE 8 : CASH AND CASH EQUIVALENTS

Cash at bank and on hand	193,496	248,075
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Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank and on hand	193,496	248,075
Cash and cash equivalents	193,496	248,075

Genetics Australia Co-Operative Limited has a fully undrawn bank overdraft facility of \$500,000 at 30 June 2013.

NOTE 9 : TRADE AND OTHER RECEIVABLES

Trade receivables	2,643,613	3,405,004
Provision for impairment of receivables	(60,666)	(20,000)
	2,582,947	3,385,004
Other receivables	19,939	53,389
	2,602,886	3,438,393

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 10 : INVENTORIES

	2013 \$	2012 \$
Semen at net realisable value	2,306,790	2,434,029
Merchandise at net realisable value	965,139	1,073,562
Hay at cost	-	41,418
	3,271,929	3,549,009
Provision for Stock Write Offs	(958,003)	(187,407)
	2,313,926	3,361,602

NOTE 11 : OTHER ASSETS

Prepayments	244,926	107,331
	244,926	107,331

NOTE 12 : NON-CURRENT ASSETS HELD FOR SALE

Property held for sale	659,857	1,800,000
	659,857	1,800,000

Asset revaluations - Non current assets held for sale

The directors have revalued the non current assets held for sale to the sale price as per the contract of sale. The revaluation decrement was debited directly to the asset revaluation reserve net of any income tax effect.

NOTE 13 : FINANCIAL ASSETS

Available for sale financial assets		
Shares in other entities-at cost	20	5,569
	20	5,569

NOTE 14 : CONTROLLED ENTITIES

Controlled Entities Consolidated

Subsidiaries of Genetics Australia Co-operative Limited:

	COUNTRY OF INCORPORATION	PERCENTAGE OF OWNERSHIP*	
		2013	2012
Genetics Australia Pty Ltd	AUSTRALIA	100%	100%
Gene Express Pty Ltd	AUSTRALIA	100%	100%
Global Sires Pty Ltd	AUSTRALIA	0%	60%

*Percentage of Ownership is based on Percentage of voting power.

During the 2013 financial year, Global Sires Pty Ltd was deregistered.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 15 : PROPERTY, PLANT & EQUIPMENT, MOTOR VEHICLES AND LIVESTOCK

	2013 \$	2012 \$
Land and Buildings - at fair value	12,192,075	10,429,794
less accumulated depreciation	(2,107,075)	(2,035,045)
	10,085,000	8,394,749
Plant, Equipment & Motor Vehicles - at cost	7,250,385	7,309,349
less accumulated depreciation	(5,829,958)	(5,634,701)
	1,420,427	1,674,648
Total Property, Plant & Equipment	11,505,427	10,069,397
Livestock - at cost	1,345,140	1,481,702
less accumulated depreciation	(681,681)	(862,528)
	663,459	619,174
Subtotal	12,168,886	10,688,571

	Land and Buildings	Plant, Equipment & Motor Vehicle	Livestock	Total
Balance at 30th June 2012	8,394,749	1,674,648	619,174	10,688,571
Additions	-	254,084	293,520	547,604
Disposals	(44,996)	(14,889)	(45,709)	(105,594)
Depreciation expense	(52,995)	(493,416)	(203,526)	(749,937)
Revaluation	1,788,242	-	-	1,788,242
Carrying amount at 30th June 2013	10,085,000	1,420,427	663,459	12,168,886

Asset revaluations - Land and Buildings

The directors revalued land and buildings of the Group at 30th June 2013. This directors' valuation was supported by recent independent valuations performed on the properties in June 2013. The total increase in the fair value of the land and buildings was \$1,788,242. The revaluation increment was credited directly to the asset revaluation reserve net of any income tax effect.

NOTE 16 : INTANGIBLES

Establishment Costs	-	2,388
Trademarks	15,843	15,843
Customer List	-	2,727
	15,843	20,958

Movements of Intangibles	Establishment Costs	Trademarks	Customer List	Total
Balance at 30th June 2012	2,388	15,843	2,727	20,958
Less Impairment	(2,388)	-	(2,727)	(5,115)
Carrying amount at 30th June 2013	-	15,843	-	15,843

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 17 : TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Current		
Trade payables	2,399,034	2,316,677
Sundry payables and accrued expenses	943,346	559,274
	3,342,380	2,875,951

NOTE 18 : FINANCIAL LIABILITIES

Current		
Trade Finance Facility - secured	843,740	372,311
Bank loan - secured	2,150,000	2,150,000
Finance Loan - Hire Purchase/Chattel Mortgage	143,981	222,089
	3,137,721	2,744,400
Non-current		
Finance Loan - Hire Purchase/Chattel Mortgage	232,684	293,542
	232,684	293,542
(a) Total current and non-current secured liabilities:		
Trade Finance Facility - secured	843,740	372,311
Bank loan - secured	2,150,000	2,150,000
Hire Purchase/Chattel Mortgage	376,665	515,631
	3,370,405	3,037,942
(b) The carrying amounts of non-current assets pledged as security are:		
<u>First mortgage</u>		
- Freehold land and buildings	7,260,000	7,820,000
<u>Hire Purchase/Chattel Mortgage</u>		
- Motor Vehicles	328,471	451,571
	7,588,471	8,271,571

The expiry of the bank loan is in the 2023 financial year. Genetics Australia Co-operative Limited has met their bank covenants during the reporting period and up to date of signing of the financial statements. Genetics Australia Co-operative Limited is not required to repay any of the bank loan within 12 months of the reporting date.

If the bank loan of \$2,150,000 was classified as a non-current liability the current ratio would improve from 0.84 to 1.21, as at 30 June 2013.

NOTE 19 : OTHER FINANCIAL LIABILITIES

Non-current		
Debentures	98,257	100,396

The debentures have a 10 year maturity and are non-interest bearing. They are created upon the cancellation of shares of inactive members.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 20 : TAX

a) Assets (Liabilities)

Deferred tax assets (liabilities) comprise:

Tax allowances relating to

property, plant and equipment, motor vehicles and livestock

Provisions

Income tax losses

Other

	2013 \$	2012 \$
	(2,066,290)	(1,931,314)
	199,545	210,728
	1,346,423	803,841
	360,451	42,195
	<u>(159,871)</u>	<u>(874,550)</u>

b) Reconciliations

Gross Movements

The overall movements in the deferred tax account is as follows:

Opening balance

Credited (charged) to the income statement

Credited (charged) to equity

Closing balance

	(874,550)	(855,313)
	903,903	(19,237)
	(189,224)	-
	<u>(159,871)</u>	<u>(874,550)</u>

NOTE 21 : PROVISIONS

Current

Annual Leave

Long Service Leave

Non Current

Long Service Leave

Aggregate employee entitlements liability

Employee Benefits

Opening balance at beginning of year

Additional provisions raised during the year

Amounts used

Balance at end of year

	243,604	322,671
	395,554	370,562
	<u>639,158</u>	<u>693,233</u>
	25,991	9,191
	<u>25,991</u>	<u>9,191</u>
	<u>665,149</u>	<u>702,424</u>
	702,424	722,680
	(421,585)	(782,409)
	384,310	762,153
	<u>665,149</u>	<u>702,424</u>

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 22 : RESERVES

General Reserve

The general reserve records funds set aside for future expansion of the Co-Operative.

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of Property.

NOTE 23 : CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable property leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments

- not later than one year

- later than one year but not later than two years

- later than two years but not later than five years

2013
\$

2012
\$

93,524

142,465

23,264

139,996

7,588

33,489

124,376

315,950

Non-cancellable Hire Purchase/ Chattel Mortgage capitalised in the financial statements:

Payable - minimum lease payments

- not later than one year

- later than one year but not later than two years

- later than two years but not later than five years

- Less interest paid

171,601

255,637

120,098

248,386

136,192

82,811

(51,225)

(71,202)

376,666

515,632



Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 24 : FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bills and hire purchase liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2013 \$	2012 \$
Financial Assets:			
Cash & cash equivalents	8	193,496	248,075
Receivables	9	2,602,886	3,438,393
Financial assets	13	20	5,569
Total Financial Assets		2,796,402	3,692,037
Financial Liabilities:			
Financial liabilities at amortised cost:			
- Trade & other payables	17	3,342,380	2,875,951
- Trade Finance Facility - secured	18	843,740	372,311
- Bank loans - secured	18	2,150,000	2,150,000
- Debentures	19	98,257	100,396
Total Financial Liabilities & Debentures		6,434,377	5,498,658

NOTE 25 : MEMBERS INTEREST

a) Movements in Shares on Issue:

Opening balance - 173,134 fully paid shares	153,162	153,562
Shares issued during the year	-	-
Shares cancelled/redeemed during the year	(1,904)	(400)
Closing balance - 127,147 fully paid shares	151,258	153,162
Number of Members	2,313	3,271
Number of Shares forfeited under Part 6 of the Co-operative Act 1996 (Victoria)	-	-

NOTE 26 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The directors are not aware of the existence of any contingent liabilities or contingent assets that exist as at the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2013

NOTE 27 : EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the co-operative entered into agreements to dispose of its retail business. On 5 October 2013 the co-operative executed a contract to sell its retail and services business conducted from locations at Maffra, Leongatha and Warragul to Herd Improvement Co-operative. Completion occurred 15 October, 2013. On 13 October 2013 the co-operative executed a contract to sell the retail business conducted from locations at Warrnambool, Timboon and Terang to Northern Herd Development Co Operative. Completion will occur 31 October, 2013.

On 12 July 2013 the property held for sale (Note 12) was settled for its book value.

Subsequent to the reporting date the co-operative received approval from the Australian Securities & Investments Commission for the deregistration of its two subsidiaries Genetics Australia Pty Ltd and GeneExpress Pty Ltd.

NOTE 28 : RELATED PARTY TRANSACTIONS

There were no transactions with related parties at more favourable terms or conditions than those available to other parties.

Directors' Declaration

We, RK Gordon and TW Henry, being two Directors of Genetics Australia Co-operative Limited, state on behalf of and in accordance with a resolution of the Directors, declare that, in the opinion of Directors:

1. The accompanying financial statements and notes for the financial year ended 30 June 2013 are prepared in accordance with the requirements of the Co-operatives Act 1996, and:
 - a. give a true and fair view of the financial position as at 30 June 2013 and of the performance of the Consolidated Group for the year ended on that date; and
 - b. comply with Accounting Standards
2. In the directors' opinion there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.
3. The Co-operative has kept such accounting records that correctly record and explain the transactions and financial position of the Consolidated Group.

Declared at and dated at Bacchus Marsh this 30th day of October 2013.



R K Gordon
Director



T W Henry
Director

Audit Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENETICS AUSTRALIA CO-OPERATIVE LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Genetics Australia Cooperative Ltd and controlled entities, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Co-operatives Act 1996 (Vic)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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. 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations under the *Co-operatives Act 1996 (Vic)*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates, to any person other than the members, or for any purpose other than for which it was prepared.

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

Audit Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENETICS AUSTRALIA CO-OPERATIVE LIMITED AND CONTROLLED ENTITIES

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Genetics Australia Co-operative Limited and controlled entities would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Genetics Australia Co-operative Limited and controlled entities is in accordance with Section 238 of the *Co-operatives Act 1996 (Vic.)*, including:

- (i) giving a true and fair view of the consolidated group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) .

A handwritten signature in cursive script that reads 'Bell Partners'.

Bell Partners
Chartered Accountants

A handwritten signature in cursive script that reads 'Ryan H Dummett'.

Ryan H Dummett (Partner)
Registered Company Auditor 217647
Level 20, 181 Williams Street, Melbourne, VIC 3000
Dated this 7th day of November 2013

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