Genetics AUSTRALIA
Breeding better Australian herds

Genetics Australia Co-operative Limited

2020-2021 ANNUAL REPORT

Freecall: 1800 039 047 www.genaust.com.au

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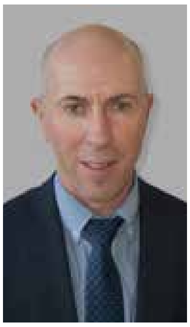
Breeding better Australian herds

DIRECTORS

Trevor Henry
(Chairman)
Maffra, Vic.
Trevor joined the Board in May of 2010 and became Chairman in 2016. Formerly a director of the Macalister Demonstration Farm Board for 10 years, serving the last 4 as Chairman. Trevor is passionate about the continued development of the genetics best suited to our farming systems with the traits that can make dairy farming a sustainable and profitable business. Trevor along with his wife Tracey & children run Wilara Holsteins, a year-round, split-calving, 500-head Holstein milking herd and is ranked in the top 15% of the top Holstein herds in the country.

Craig Drake
(Deputy Chairman)
Dip. Ag. Sci., Dip. Farm Man., FAICD
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 became Deputy Chairman in November 2015 and is also a member of the Audit and Risk Management Committee.

Rohan Sprunt
Bbus.
Kaarimba, Vic.
Rohan was elected to the board November 2015. Rohan has a Bachelor of Business and is a qualified Accountant. Rohan has spent well in excess of ten years on the board of Jersey Australia and formerly Australian Jersey Breeders Society (Vic. Branch) in two separate sittings. More recently, Rohan has chaired the genetics sub-committee where he assisted in the implementation of genomic testing for the Jersey breed in Australia. Rohan is also Chair of the Audit & Risk Management Committee. Rohan runs Kaarmona Holsteins & Jerseys with brother Graeme and ranks in the top 10 herds for both breeds in the country.



John Pekin
BAgrBusMgt., Adv.Dip.Ag.
Kolora, Vic.
John was elected to the Board in November 2016. John has a Bachelor of Agricultural Business Management and an Advanced Diploma of Agriculture. He was a speaker at the 2019 Australian Dairy Conference on the success of genomically testing his herd. He worked for Western Herd Improvement as an AI technician for 10 years in local dairy herds and conducted/managed synchronised AI programs in beef herds in Victoria and interstate. John is chairman of the Animal Health & Welfare Committee. John and his wife Kristen run a 330-head herd and is ranked in the top 20 Holstein herds in the country. John is a member of the Audit and Risk Management Committee.

Tim Humphris
BVSc ., MVS
Nirranda South, Vic.
Tim was elected to the board in November 2018, he has a Bachelor of Veterinary Science and a degree of Master of Veterinary Studies in Veterinary Clinical Sciences Dairy Medicine and Management. Tim is a committee member of the Standing Committee for Genetics Evaluation with Datagene. After 15 years of working as a dairy veterinarian, Tim has now been farming for the last 12 years. He runs a 450 cow three-way cross dairy herd using Holstein, Jersey and Aussie Red genetics and ranks in the top 5 Aussie Red herds in the country. He is also a member of Holstein Australia and the Australian Red Dairy Breed. Tim is a member of the Audit and Risk Management Committee and also member of the Animal Health & Welfare Committee.

John Duffield
Dip Bus (Acct), MBA, FCPA and GAICD.
Koroit, Vic
John was appointed to the Board as an independent member in July 2021. John holds a Diploma of Business Studies (Major in Accounting), Masters of Business Administration (Specialisation in Strategy and Planning), Fellow of CPA's Australia, and a Graduate of AICD program. John is currently employed at Saputo Dairy Australia as a Senior Project Manager but has held senior finance positions with Warrnambool Cheese and Butter, Boeing Constructors, and Alcoa Australia. He is also an independent member of the Moyne Shire Audit and Risk Committee.

Michael Carroll
B Ag Sc, MBA, FAICD
Armadale, Vic
Michael was appointed to the Board as an independent director in July 2021. He has had a lifelong interest in livestock breeding and genetics and runs a performance-recorded Angus enterprise at Derrinallum. Following a career in finance, Michael has served as a non-executive director with a number of private, publicly listed, government, and not-for-profit food and agribusiness companies.

CHAIRMAN'S REPORT

On behalf of the Genetics Australia Board, I am pleased to present this review of the 2020/21 year. In many ways the past year has been one of the most significant in the history of the Co-operative. The purchase of Total Livestock Genetics [TLG] was a significant milestone, as was the decision to sell our 'spiritual' home 'Parwan Park'. The first cooperative board would no doubt have deliberated long and hard about purchasing Parwan Park and this year's decisions also required a great deal of deliberation. 'Parwan Park' served us well for more than 60 years and I am confident our decision to sell and purchase the TLG business will set up the Co-operative for the next important phase of our history.

Access to emerging technologies will continue to provide challenges and both the Board and management will continue to strive to make the best decisions for all members. Access to Australia's best new genetics will continue to remain a key focus and working with Australia's best breeders will remain a priority. The 2021 ABV release has again shown that young bulls sourced from leading Australian breeders rate at the top of the system.

We have invested in infrastructure at TLG and will continue to build on the good standing the business has in the industry. TLG adds a broader range of skills and services to our business and we appreciate the goodwill, advice and ongoing support of TLG principals Shane Ashworth and Steve Williams. I also acknowledge the TLG team led by Ruth Barber and Eze Boretto as they took on an enormous workload as the livestock were relocated. While some processes differed in the way TLG and GA managed bulls and processed semen, the best of both businesses mean the 'new' GA and TLG will produce even better products and services to be the clear leader in the Australian industry.


Ruth Barber & Anthony Shelly

The change of production and movement of bulls to TLG meant we lost a number of loyal and dedicated staff, and this was done with a heavy heart. Many had been with the Co-operative for a long time, led by Peter Thurn, who gave over 33 years of loyal service and former farm manager Brendan Vallence who gave more than 15 years of service. Their roles and that of their staff was instrumental in ensuring many top-quality bulls were bred and collected by the Co-operative. A farewell dinner to recognise them and all staff leaving the Co-operative was attended by more than 100 past and current staff and directors.

This financial year has seen your Co-operative make a small profit. Seasonal conditions across the country were favourable and we are pleased with the improvement in our overall sales position. The profit was made while we invested in TLG as well in our New Zealand business. New Zealand continues to remain challenging but feedback on the performance of progeny of Australian bulls means we are committed to seeing the business contribute positively to the Co-operative.

Part of our strategic direction has been to invest in both beef and genetic exports. As the beef industry has emerged from drought and beef breeders recognise that AI and synchrony programs can fast track the national herd, Australia has seen record prices paid for top quality bulls. We continue to offer a quality beef portfolio made up of the best local genetics complemented by outstanding sires from our overseas partners. Our goal is to improve the penetration of elite AI genetics into the beef sector and grow the number of shareholders joining the Co-operative. The decision by the purchasers of record-breaking Angus bull Texas ICEMAN to have Genetics Australia market the bull was most pleasing. Macka's Black Angus beef has a long history in producing quality Angus beef and their decision to place this impressive bull with us was partly inspired by their recognition of GA's history and Australian ownership. Beef will continue to grow and we are excited to see the impact ICEMAN and other top rated beef bulls will have in Australia and in international markets.

Demand for Australian genetics in overseas markets has seen steady growth in export sales. During the year we sent our largest single shipment of 110,000 straws to China. Growth in China had been rapid in the past two years and just as we had the first progeny entering Chinese herds with favourable results, we were unfortunately caught in political tension between Beijing and Canberra. Like several Australian agribusinesses, China has stalled issuing import permits, hardly making any impact on the balance of trade between the countries but impacting on the investment made by both Genetics Australia and our Chinese distributor. While this curtailed our export sales in the last few months of the year, we have reset and recently signed off new agreements with Pakistan and market development in Africa and Europe. Support from assistance initiatives offered by the Australian Government to businesses negatively impacted by the closure of China trade will help us remain focused on developing our export strategy.

We continue to work with our overseas partners and suppliers of genetics to complement our product range and ensure our shareholders have access to a broad range of genetics. There has been good growth for our herd improvement merchandise products as industry conditions have improved. Sales of this product range are a good litmus test to the health of the industry.

COVID has proven challenging worldwide and its impact has been felt in the way we have worked across the business in Australia and New Zealand. With less face-to-face meetings we have managed to adapt to digital means of communication. Despite this we have continued to foster strong links with industry partners. Dairy Australia, DataGene, Jersey Australia, Australian Red Dairy Breeds, Holstein Australia and NHIA are key industry partners and their relationships enable us to ensure the needs of the Co-operative and the shareholders are met. COVID challenges mean these industry partners are more important than ever and by working closely together we can ensure the local industry grows and that shareholders have ongoing access to a vibrant and strong local herd improvement industry.

Our distributor partners are a vital part of our success. We thank the network for their support and their role in providing access to genetic products and services so vital to genetic advancement in Australia.

I would like to acknowledge our Chief Executive Officer Anthony Shelly, his line managers and all staff for their dedication and commitment during this exciting yet challenging year. The changes made during the year were significant and they could not have been implemented without the direction and leadership given and the willingness of staff to roll up their sleeves to get the job done. I would like to highlight the herculean effort carried out by Anthony Shelly and the team in negotiating the TLG deal, the sensitivity shown in dealing with loyal staff exiting the business, transitioning the bull team to Camperdown, renovations to the semen storage and production laboratory at Camperdown, development of additional bull housing and the final farewell to Parwan Park will herald 2021 as a milestone year in the history of GAC. All possible because of the dedication and leadership shown by Anthony and the team around him.

During the year we farewelled Independent Director Stuart Horsburgh and Farmer Director Tony Doyle. Both made a solid contribution to the Board with their willingness to challenge and provide input to decision making and direction of the Co-operative. On behalf of the Board I sincerely thank them for their input, and I also extend my sincere appreciation to all my fellow Directors. Their support and friendship have made the role of Chairman a lot easier, and we all recognise the trust the shareholders have placed in us to make the right decisions for the Co-operative. Keeping focused on the future and making decisive decisions will ensure Genetics Australia remains a strong industry provider for production of Australian quality genetic products.

I would not have been able to do my role as Chairman without the support of my family. They have filled the vacuum created when I have been absent from the farm or needed to be involved in Co-operative business and I appreciate their support.

Finally, I want to thank each shareholder who has used any of the products and services offered by the Co-operative during the year. Only through your support can we continue to invest in the Co-operative and keep a strong genetics supplier based in Australia.

TREVOR HENRY
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REVIEW

FINANCIAL OVERVIEW

It is with a great pride that I present the CEO report for the past year.

Genetics Australia's total group returned a profit after providing for Income Tax for 2010/21 of $191,511 based on Revenues of $13,670,141.

This is comprised of the Genetics Australia total income of $10,357,546 and the total income of other group companies of $3,312,595. The total revenue of the group is an improvement, when compared with the previous year, of $2,898,169.

The Group net assets for 2020/21 remains strong and healthy at $15,723,972, an increase of $2,215,575 vs 2019/20 with a positive cash position of $518,916.

The business has changed significantly in the past year with the acquisition of Total Livestock Genetics [TLG] and in recent years with our business activities in New Zealand. These changes have added some complexity and I am sure as we consolidate the contribution each business will make to our overall position will continue to strengthen the Co-operative and position us well into the future.

I would like to thank our Financial Manager Indra Dona and her team for their contribution. The New Zealand business and now TLG have placed additional workloads and challenges and Indra has managed this process in the cool and calm way we have come to expect.

KEY BUSINESS ACTIVITIES

A great deal of energy and focus during the year was on ensuring the investment in TLG was as seamless as possible and I would like to thank all staff, both at TLG and at Parwan Park, for their support and willingness to help and accept the changes. To relocate more than 120 bulls had major implications for all involved. The TLG staff ensured these valuable assets settled smoothly into their new home and it was a sad occasion for many at Bacchus Marsh to bid a final farewell as they were carefully loaded to move to Camperdown and Glenormiston.

The move of bulls and production to TLG meant we farewelled a number a staff. Some had been with the Co-operative for many years, and I particularly want to thank Peter Thurn and Kara Cronin, both members of the management team. Peter played a significant role for many years managing the breeding program and overseeing the production and farm activities and I thank him for his dedication and support. It is pleasing to see Peter's talents will not be lost to the industry as he is now working as DataGene's stakeholder specialist. All staff accepted the changes in good spirit, and they understood we had outgrown Parwan Park and needed to change for the long-term success of the Co-operative.

Karen Davies, PA to a number of CEOs and a key link to the Board, retired during the year and we wish her and husband Rodney the very best and thank her for her 15 years of service.

The development of TLG and subsequent selling of Parwan Park placed a lot of extra work on staff but despite this, the day-to-day business needed to continue. Overall industry conditions improved significantly in both dairy and beef sectors and from a product perspective we are fortunate that the quality of the genetics available from the cooperative had never been stronger.

Beef sales are rapidly growing after the impact of prolonged droughts, and we were on track to have a record year in export sales until the expiry of an import permit meant no further sales could be made. The building political tension between China and Australia is very disappointing given our investment and subsequent success in the market. In a way, the halting of the China market was timely as relocation of bulls to TLG meant bulls would have had to halt semen collections anyway due to the Chinese protocol requirement of a bull needing 6-month residency on a property prior to semen collections.

The majority of bulls will again be eligible for Chinese collections in November 2021. We have learnt a lot from the growth in China over the past three years, including building good business relationships with Austrade, DAWE and other key organisations and we will reset our export strategy, led by Rob Derksen, to grow existing markets and develop new ones. The TLG capability as a long-term exporter and expertise in export documentation will greatly assist this process.

The AI market in Australia is no less competitive and in order to compete the genetic products offered by the Co-operative need to remain relevant. TLG will continue to offer an alternate genetic product and we will invest in bulls to be marketed exclusively by TLG. Darren Fletcher was appointed TLG's sales manager and his background as a dairy farmer and more recently as a breeding advisor for Viking Genetics brings a great deal of knowledge to the position.

The Genetics Australia sire line up is as strong and diverse as it has ever been. Partnering with many of the leading breeders in Australia ensures many of the highest rated young bulls join our line up and we will continue to invest in the best genetics possible to meet the demand of our Co-operative members. These young bulls remain competitive despite the access through genomic testing from all programs around the world. Australian breeders have done a first-class job of not only using the highest-ranked bulls to sire the next generation, but in developing world-class cow families.

Congratulations go to John and Vikki Lillico from Hindlee Holsteins in Tasmania. A bull they bred, TOMMYDEE became the Number 1 BPIg and Number 2 HWIg Holstein; a fantastic achievement given young bulls are genomic tested in Australia from around the world. TOMMYDEE is special given he offers the potential to improve many traits, including, Survival, SCC, Mastitis Resistance, Daughter Fertility and Calving Ease. He is also A22, and clearly demonstrates the depth and quality of breeding in Australia given he is also sired by Genetics Australia genomic sire ENDGAME, and from the 'Royal' cow family developed by the Lillicos for more than 30 years.


TOMMYDEE

A number of other high rated Holstein bulls enter the Holstein team this year, most coming from herds all ranking in the top few in the country and we appreciate the willingness of breeders to make their best young bulls available to the Co-operative.

Our international partnerships including WWS and Jetstream Genetics continue to add quality bulls to our lineup. US Holstein FEDORA is commanding attention and his 1st ABV based on Australian milking daughters saw him come in at number 3 on the BPI list and arguably he has the best balanced ABV of bulls in the top 10 bulls with milking daughters.

The Jersey bulls on offer this year have never been stronger and the quality and depth is opening doors internationally for Australian Jerseys where the breed has a growing reputation. Jerseys have been the main driver of sales into South Africa for well over a decade and more recently in New Zealand. High rated ASKN, the number 1 Survival bull and high Type and Mammary had semen sent to Jersey Island, the home of Jerseys, and to Canada where he was used to make embryos from high profile Jersey cow Avonlea Premier Chocolate Chip EX-96-2E, an All-American aged Jersey cow and honorable mention at World Dairy Expo. Her ASKN embryos were sold internationally. It's of little surprise ASKN was bred by the current Number 1 BPI Jersey in Brookbora Jerseys, congratulations go to Robert and Sandra Bacon and family in Northern Victoria for having such an outstanding herd of Jersey cows and having bred such a world class bull.

The Glennen family in Western Victoria bred the number 1 daughter proven Jersey DOUGGAN. The Glennen herd has a deep foundation of Jersey breeding in Australia going back decades and is the current Number 2 Jersey herd. DOUGGAN demonstrates the diversity of Australian Jersey breeding with his pedigree littered with high rated bulls of the day from Australia, New Zealand, USA and Denmark.


DOUGGAN

A number of high rated young bulls were added during the year and more emphasis is being placed on bulls that are A22 and polled, traits growing in demand both within Australia and internationally.

We were pleased to see for the first time Australian Reds having official genomic data contributing to their breeding values. While it remains on a relatively small number of traits when compared to Holsteins and Jerseys, we are pleased nevertheless to see the result of cooperation between DataGene, some of Australian leading herds and international organisations resulting in this positive outcome. Leading BPI herds such as Waikato Aussie Reds and Beaulands Aussie Reds continue to contribute world class young bulls to our program and this year's new young bulls, ARBPRIMSTAD P and ARBLITZON are no exception.

We have continued to support the distributor network in Australia, particularly those that promote, sell and distribute our product.

While Covid-19 has placed some restriction on farm visits, our sales team has worked hard to ensure that our product meets the needs of both distributors and farmer customers. Our marketing team has supported this by ensuring our material was first to market after each ABV summary to ensure relevant information was always available.

As mentioned earlier, beef sales have rebounded after a prolonged drought and we are seeing tremendous growth and unprecedented demand. Beef sales across Australia are at record prices and it was pleasing to see the beef portfolio of sires, sourced from international partners and a growing number of high rated domestic sires, was well positioned to make the most of the growth opportunity. Our display at Beef 21 at Rockhampton in May attracted great interest and Beef Manager Nigel Semmens feels beef will continue to be at record levels for some time. We have taken the opportunity to give Nigel additional support by the appointment of John Gommers, based in Warrnambool to manage the southern Victoria, South Australia and Tasmania regions. John has a deep understanding of the beef scene and has a high opinion of the quality of beef genetics available within Australia. We welcome John aboard and look forward to his positive contribution.

A trend for more beef to come from dairy herds is being seen around the world as more farmers breed dairy replacements from their top genomic animals together with increased use of sexed semen. Our DairyBeefX sires saw demand grow for Angus, Speckle Park and Poll Hereford sires and an exchange of DNA of Angus bull Warrawee Patrol P29 with ICBF in Ireland saw him rank the highest international bull on a dairy Beef Index and he will be progeny tested in Ireland based on this genomic profile.

The growth in beef and in sexed semen AI programs has been well supported by the expertise provided by the Vetoquinol Repro 360 team and their Cue-Mate product. This market leading synchronisation product combined with the fantastic technical back up from the Vetoquinol team is providing great support to our sales team and growing new opportunities. We look forward to continuing to build on this relationship for all our members and customers.

A great test for the health of the industry is in merchandise sales and heat detection products such as Herd Insights, which saw more farmers making the most of improved conditions and taxation advantages to install systems. Our traditional offering including the heat detection products Estrotect heat patches and FIL tail paint all attracted increased demand. We value the relationship we have with these suppliers and their support is greatly appreciated.

We rely on key industry organisations and we sincerely appreciate the support and interaction with organisations such as DataGene, NHIA, Holstein and Jersey Australia, ARDB, Dairy Australia, Angus Australia and we support where possible regional-based farmer organisations. The quality of people in these organisations at management and staff level and the researchers and scientists set the Australian Industry apart and is the reason why Australia is seen internationally as having a progressive industry and a driver of herd improvement.

Finally, I thank the Board of Directors, my management team, our New Zealand and TLG teams for their support. The past year has been one of the most challenging and historic in our history and we would not have been able to achieve the changes without their support, vision and willingness to get the job done. We are in a great position and I feel privileged to lead the organisation onto an exciting future. We still have a lot to do to fulfil our vision and I'm confident with the ongoing support of all members the Co-operative will continue to be a key driver of genetic improvement in Australia. Genetics Australia is as relevant as it was over 60 years ago, and the future could not be more exciting.

Best wishes to all for the year ahead.

ANTHONY SHELLY
CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

The Directors of Genetics Australia Co-operative Limited (the Co-operative) present their report together with the audited financial statements of the consolidated entity, being Genetics Australia Co-operative Limited and its controlled entities (the Group), for the financial year ended 30th June, 2021.

DIRECTORS

The names of the directors of the Co-operative in office at any time during, or since the end of, the year are:

Trevor Henry (Chairman)
Craig Drake (Deputy Chairman)
Michael Carroll (appointed 1.07.2021)
Anthony Doyle (resigned 4.09.2020)
John Duffield (appointed 1.07.2021)
Stuart Horsburgh (resigned 10.11.2020)
Timothy Humphris
John Pekin
Rohan Sprunt

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

PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group during the financial year were the proving and sale of genetically superior bull semen for Australian and New Zealand conditions and the sale of other related items to Australian and New Zealand Dairy, Meat and Livestock Farmers. The sale of bull semen to the global market is also considered a key activity of the group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Group acquired the majority of the net assets of Total Livestock Genetics Pty Ltd. Details of the acquisition are set out in Note 29 of the Financial Statements. The Group also entered into a lease, along with a commitment to acquire, land in Western Victoria. Details are disclosed in Notes 15 and 18 of the financial statements.

OPERATING RESULTS

The net profit/(loss) of the Group after providing for income tax amounted to $191,511 (2020: $545,956)

Other comprehensive profit/(loss) net of income tax is $2,013,047 (2020: $2,080,035)

Total comprehensive profit/(loss) for the year is $2,204,558 (2020: $2,625,991)

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

DIVIDENDS 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.

EVENTS AFTER THE REPORTING DATE

Since the end of the financial year the Group has accepted an unconditional offer to sell its property at Parwan Park, Bacchus Marsh which is surplus to requirements and has been disclosed as Assets Held for Sale in the Balance Sheet. The price that will be received for the sale is approximately the same as the book value of the property.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, or the results of those operations in future financial years.

ENVIRONMENTAL ISSUES

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 of Australia or in any other jurisdiction in which it operates.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Rule 71 of the constitution of the Co-operative indemnifies officers in accordance with section 198 of the Co-operative National Law Application Act 2013. 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 INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2021 has been received and can be found on page 6 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors:

TREVOR HENRY
CHAIRMAN

CRAIG DRAKE
DEPUTY CHAIRMAN

Bacchus Marsh 5th day of October, 2021

MEETINGS OF DIRECTORS

The number of directors' meetings and the number of meetings attended, together with the number of Special Attendances made by each of the directors during the financial year, were:

BOARD MEETINGS

Director	Eligible to Attend	Attended
T Henry	14	14
C Drake	14	13
A Doyle	2	0
S Horsburgh	3	3
T Humphris	14	12
J Pekin	14	14
R Sprunt	14	14

AUDIT & RISK MANAGEMENT MEETINGS

Director	Eligible to Attend	Attended
S Horsburgh	3	3
R Sprunt	13	13
C Drake	13	11
A Doyle	2	0
T Humphris	13	10
J Pekin	13	13

The Board also has an Animal Welfare Committee that meets at least twice a year.

AUDITOR'S DECLARATION

ShineWing AUSTRALIA

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF GENETICS AUSTRALIA CO-OPERATIVE LIMITED AND ITS CONTROLLED ENTITIES

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

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

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

Tom Mullarkey

Tom Mullarkey
Partner

Registered Company Auditor: 475359
Dated this 5th day of October 2021
Level 10, 530 Collins Street, Melbourne VIC 3000

Liability limited by a scheme approved under Professional Standards Legislation.

Genetics Australia Co-operative Limited and its subsidiaries

FINANCIAL STATEMENTS

for the year ended 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Sales Revenue	4	13,670,141	10,771,972
Cost of Sales		(6,156,876)	(5,346,086)
Gross Profit		7,513,265	5,425,886
Other income	4	117,310	1,535,875
Employee benefits expense		(3,430,723)	(2,895,021)
Depreciation and amortisation expense	5(a)	(498,215)	(463,374)
Finance costs	5(a)	(278,018)	(88,025)
Shareholders benefits		(21,234)	(41,206)
Other expenses		(3,117,344)	(2,672,274)
Profit before Income Tax	5	285,041	801,861
Income tax expense	6	(93,530)	(255,905)
Net Profit for the year		191,511	545,956
Other Comprehensive Income (net of income tax)			
Items that will not be reclassified to profit or loss			
Revaluation changes for property, plant and equipment (net of tax)		1,880,500	2,088,266
Increase to asset revaluation reserve arising from reduction in income tax rates		148,643	-
Foreign exchange profit/(loss) arising on consolidation		(16,096)	(8,231)
Other Comprehensive Income for the year, net of income tax		2,013,047	2,080,035
Total Comprehensive Income for the year		**2,204,558**	**2,625,991**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Current Assets			
Cash and cash equivalents	9	518,916	295,209
Receivables	10	2,200,890	1,915,108
Inventories	11	3,135,227	1,840,023
Other assets	12	161,614	124,241
		6,016,647	4,174,581
Assets held for sale	13	2,922,023	-
Total Current Assets		**8,938,670**	**4,174,581**
Non-Current Assets			
Property	14	15,527,926	14,020,559
Plant & equipment, and motor vehicles	14	1,606,182	320,536
Livestock	14	609,743	612,878
Right-of-use assets	15	6,831,935	-
Intangibles	16	2,320,444	18,844
Total Non-Current Assets		**26,896,230**	**14,972,817**
Total Assets		**35,834,900**	**19,147,398**
Current Liabilities			
Trade and other payables	17	2,428,158	1,395,999
Financial liabilities	18	2,562,198	-
Provisions	21	587,715	462,022
Total Current Liabilities		**5,578,071**	**1,858,021**
Non-Current Liabilities			
Trade and other payables	17	488,750	438,750
Financial liabilities	18	11,390,502	1,350,000
Other financial liabilities	19	73,871	74,041
Deferred tax liabilities	20	2,452,682	1,786,665
Provisions	21	29,812	31,784
Total Non-Current Liabilities before members' share capital		**14,435,617**	**3,681,240**
Members' interest	25	97,240	99,740
Total Non-Current Liabilities		**14,532,857**	**3,780,980**
Total Liabilities		**20,110,928**	**5,639,001**
Net Assets		**15,723,972**	**13,508,397**
Equity attributable to owners of the parent company			
Reserves	25	10,423,478	8,399,414
Retained earnings		5,300,494	5,108,983
Total Equity		**15,723,972**	**13,508,397**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Retained Earnings $	General Reserve $	Asset Revaluation Reserve $	Foreign Currency Translation Reserve $	Total $
Consolidated balance at 1 July 2019	4,563,027	1,307,561	5,027,574	(21,662)	10,876,500
Increase during the year arising from independent revaluation of freehold properties (net of tax)	-	-	2,088,266	-	2,088,266
Exchange differences on translating foreign operations	-	-	-	(2,325)	(2,325)
Profit for the year	545,956	-	-	-	545,956
Consolidated balance at 30 June 2020	5,108,983	1,307,561	7,115,840	(23,987)	13,508,397
Increase during the year arising from reduction in income tax rates	-	-	148,643	-	148,643
Increase during the year arising from directors revaluation of freehold properties (net of tax)	-	-	1,880,500	-	1,880,500
Exchange differences on translating foreign operations	-	-	-	(5,079)	(5,079)
Profit for the year	191,511	-	-	-	191,511
Consolidated balance at 30 June 2021	5,300,494	1,307,561	9,144,983	(29,066)	15,723,972

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash Flow from Operating Activities			
Receipts from customers and other income		13,384,359	10,823,518
Payments to suppliers and employees		(12,905,115)	(11,117,047)
Finance costs paid		(172,633)	(88,025)
Net cash provided by/(used in) operating activities		306,611	(381,554)
Cash Flow from Investing Activities			
Proceeds from sale of property, plant, equipment, motor vehicles and livestock		475,413	204,965
Proceeds from receipt of non-refundable deposits		-	1,462,500
Payments for property, plant, equipment, motor vehicles and livestock		(3,968,218)	(368,381)
Deposit payments on property purchase		(85,626)	-
Payments for intangibles		(2,251,600)	-
Net cash flows provided/(used in) by investing activities		(5,830,031)	1,299,084
Cash Flow from Financing Activities			
Proceeds from share issues		200	-
Payment for share cancellation/redemption		(2,700)	(6,600)
Proceeds/(Payments) in respect of debenture holders		(170)	(1,735)
Net Proceeds/(Repayment) of borrowings		5,851,302	(900,000)
Lease payments		(100,297)	-
Exchange differences on cash and cash equivalents		(1,208)	(84)
Net cash provided by/(used in) financing activities		5,747,127	(908,419)
Net increase/(decrease) in cash held		223,707	9,111
Cash at beginning of financial year		295,209	286,098
Cash and cash equivalents at the end of the financial year	9	518,916	295,209

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

About this Report

The financial report includes the consolidated financial statements and notes of the Parent Company - Genetics Australia Co-operative Limited (the Co-operative) and Controlled Entities (the Group).

The functional and presentation currency of the Group is Australian dollars.

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 5th October, 2021.

Comparatives are consistent with prior years, unless otherwise stated.

Note 1: Basis of Preparation and Consolidation

The Group has elected to adopt Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The Group 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, the Corporations Act 2001 and the Co-operative National Law Application Act 2013.

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 throughout the notes and have been consistently applied unless otherwise stated.

The Group financial statements, except for the cashflow information, 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. The amount presented in the financial statements have been rounded to the nearest dollar.

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as at 30 June 2021. All transactions and balances between Group companies are eliminated on consolidation. The consolidated financial statements are presented in Australian Dollars ($A) which is also the functional currency of the parent company. All assets, liabilities and transactions of Group companies with a functional currency other than $A are translated into $A upon consolidation. Income and expenses of a foreign operation have been translated into $A at the average rate over the reporting period. Non-monetary items have been translated at year-end based on historic costs (translated using the exchange rate at the date of the transaction) whilst monetary items are translated using the exchange rate at balance date. Exchange differences are charged and/or credited to other comprehensive income and recognised in foreign currency translation reserve in equity.

The COVID-19 pandemic developed rapidly in 2020 and continued to have an impact throughout the world in 2021. Based on experience to date the financial impact on the Group is unlikely to be significant.

Note 2: Critical accounting estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates

Employee Entitlements

The Group assesses the probability that staff 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

Provision for inventories

The inventory held is reviewed on a regular basis to determine whether there is any old, damaged or obsolete stock or other stock items which need to be written down to NRV.

At the year end management have estimated that a provision of $353,616 (2020 $231,723) is required to cover any obsolescence of inventory.

Goodwill arising from a business acquisition during the year

Goodwill is not amortised but has been reviewed for impairment at the end of the financial year and will be reviewed annually on an ongoing basis. The directors considered the impairment calculations that had been undertaken and decided that it was too soon after the acquisition of the business to reach a proper conclusion on impairment or to properly allocate the goodwill across cash-generating units. Accordingly goodwill has been retained at acquisition cost and will be subjected to rigorous impairment testing in the coming year when performance and potential future performance of cash-generating units can be more accurately assessed.

Note 3: Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 4 : Revenue	Consolidated 2021 $	Consolidated 2020 $
Sales Revenue		
sale of goods	12,733,051	10,123,491
genetic and other services	937,090	648,480
Total sales revenue	13,670,141	10,771,971
Other income		
Support from Governments in respect of COVID-19	-	103,236
Profit/(Loss) on disposal of plant and equipment and livestock	117,310	(29,861)
Gain on non-refundable deposits received re sale of land (see note below)	-	1,462,500
Total other income	117,310	1,535,875

As disclosed in previous years accounts the Group entered a terms contract on 16 May 2018 to dispose of one of its farm properties known as Parwan Park South for the sum of $14.625 million. The Group will retain use of the property until the end of the term and it is not anticipated that title will transfer until that time although the purchaser has the right to request an earlier transfer of title. Funds raised from the sale, net of selling expenses and capital gains tax, will enable the Group over time to reduce debt and to rationalise and improve its operations with strategic investments in infrastructure, systems and livestock.

During the financial year ended 30 June 2019 the contract became unconditional following a vote in favour of the proposal by shareholders and all obligations on Genetics Australia had been fulfilled. One non-refundable deposit was received by the Group in the year ended 30 June 2020 and two non-refundable deposits were received by the Group in the year ended 30 June 2019 in accordance with the contract. The balance of the contract price is expected in May 2023.

The gain on non-refundable deposits received re sale of land is comprised of :

Non-refundable deposits	-	1,462,500

Stockdale and Leggo handled the sale of the property on behalf of the Group and one of their agents is the brother of the CEO of the parent company of the Group. In recognition of the relationship between the parties, the directors of the parent company ensured that the CEO had no involvement in the sale process or any discussions pertaining to it until after the contract was signed.

Accounting treatment

Revenue from contracts with customers

Revenue from contracts with customers is recognised based on the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entities within the Group expect to be entitled to.

Revenue is recognised in accordance with the following five-step process:-

1 Identifying the contract with the customer.
2 Identifying the performance obligations in the contract.
3 Determining the transaction price.
4 Allocating the transaction price to the performance obligations in the contract.
5 Recognising revenue as and when the performance obligations are recognised.

Variable consideration in contracts such as performance incentives, penalties and bonuses (including those which are contingent) are estimated using either the expected value method or most likely amount method, as appropriate to the circumstances and recognised as revenue at each reporting periods until the contracts are settled.

If the transaction price includes a significant financing component and the contract is longer than 12 months, it is discounted using a discount rate reflecting the credit quality of the customer after considering any collateral or security made available to the entities within the Group.

Any difference between the stand-alone selling prices of the promised goods or services and the promised consideration on the contract is treated as a discount and allocated proportionately to the performance obligations in the contracts.

Revenue is recognised either at a point in time or over time, when (or as) the Group Entity satisfies performance obligations by transferring the promised goods or services to its customers.

The Entities within the Group recognise contract liabilities for consideration received for unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly if the Group Entity has completed a performance obligation before it receives the consideration, the Group Entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 5 : Profit/(Loss) before Income Tax	Note	Consolidated 2021 $	Consolidated 2020 $
Profit before income tax from continuing operations includes the following specific expenses:			
a. Expenses			
Stock Write-down		210,804	215,268
Finance costs - External		278,018	88,025
Depreciation of non-current assets	14	498,215	463,374

Accounting treatment

Finance cost

Finance cost includes all interest-related expenses including lease costs relating to the capitalised lease.

Shareholder benefits

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

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transaction 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 period-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 profit or loss, except where deferred in equity 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 underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Note 6 : Income Tax Expense		Consolidated 2021 $	Consolidated 2020 $
(a)	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	73,765	255,905
	Under/(over) provision for tax in prior year	19,765	-
		93,530	255,905
(b)	The prima facia tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facia tax expense on profit from ordinary activities before income tax @ 26% (2020: 27.5%)	74,110	215,037
	Add		
	Tax effect of:		
	Non-deductible expenses	4,126	865
	Non-assessable non-exempt income	(13,000)	(13,750)
	Loss on disposal of assets not in asset register	(45,716)	-
	Future income tax benefit relating to tax losses not recognised as an asset due to uncertainty of recovery:	44,246	52,340
		(10,344)	39,455
	Less:		
	Tax effect of:		
	-Net effect to deferred tax assets and liabilities on change in taxation rate	(9,999)	-
	-Under/over provision for deferred tax in the prior year	(19,765)	(1,413)
		(29,764)	(1,413)
	Income tax expense attributable to the Group for the year	93,530	255,905

Accounting treatment

Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 profit or loss when the tax relates to items that are recognised outside profit or loss.

Note 7 : Auditors Remuneration

	Consolidated 2021 $	Consolidated 2020 $
Remuneration of auditor		
-audit for the year ended 30 June	44,000	33,800
-other services	-	-
	44,000	33,800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 8 : Key Management Personnel Remuneration	Consolidated 2021 $	Consolidated 2020 $
Total of Remuneration paid to key management personnel of the Group during the year is as follows:		
- Directors	122,154	156,259
- Executives	650,695	625,309
	772,849	781,568

Note:-
The names of directors of the Co-operative who have held office during the financial year are set out in the Directors' Report.

Note 9 : Cash and Cash Equivalents

Cash at bank and on hand	518,916	295,209

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	518,916	295,209
Cash and cash equivalents	518,916	295,209

The Group has a fully undrawn bank overdraft facility of $100,000 at 30 June 2021.

Accounting treatment

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. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

Note 10: Trade and Other Receivables

Trade receivables	2,405,299	2,119,517
Provision for impairment of receivables	(204,409)	(204,409)
	2,200,890	1,915,108

Movement in provision for impairment of receivables		
Opening balance	204,409	136,433
Movement in year	-	67,976
Closing balance	204,409	204,409

Accounting treatment

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at their transaction price (unless there is a significant financing component) less life-time expected credit losses and subsequently measured at amortised cost using the effective interest method.

Refer to Note 24 for further discussion on the determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 11: Inventories	Consolidated 2021 $	Consolidated 2020 $
Semen at net realisable value	2,129,781	1,343,943
Biological assets at fair value	375,676	-
Merchandise at net realisable value	983,386	727,803
	3,488,843	2,071,746
Provision for Stock Write Offs	(353,616)	(231,723)
	3,135,227	1,840,023

Accounting treatment

Inventories are measured at the lower of cost and 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.

Biological assets are measured on initial recognition and at each subsequent balance sheet date at their fair value less costs to sell.

Note 12 : Other Assets		
Prepayments	161,614	124,241
	161,614	124,241

Note 13 : Assets held for sale		
Assets held for sale	2,922,023	-
	2,922,023	-

Land and buildings classified as held for sale during the reporting period were subjected to a directors' valuation which was based on their best estimate of fair value less costs to sell at the time of reclassification.

Note 14 : Property, Plant & Equipment, Motor Vehicles and Livestock

Land and Buildings - at fair value	15,665,588	14,369,074
less accumulated depreciation	(137,662)	(348,515)
Total Land and Buildings	15,527,926	14,020,559
Plant, Equipment & Motor Vehicles - at cost	2,631,825	3,201,133
less accumulated depreciation	(1,025,643)	(2,880,597)
Total Plant, Equipment & Motor Vehicles	1,606,182	320,536
Total Property, Plant & Equipment	17,134,108	14,341,095
Livestock- at cost	949,349	950,186
less accumulated depreciation	(339,606)	(337,308)
Total livestock	609,743	612,878
Total Property, Plant & Equipment, Motor Vehicles and Livestock	17,743,851	14,953,973

	Land and Buildings	Plant, Equipment & Motor Vehicles	Livestock	Total
Consolidated balance at 30th June 2020	14,020,559	320,536	612,878	14,953,973
Additions at cost	2,125,134	1,579,757	263,327	3,968,218
Asset revaluation	2,600,000	-	-	2,600,000
Disposal - written-down value	(150,754)	(114,817)	(92,532)	(358,103)
Transfer to Assets held for sale	(2,922,023)	-	-	(2,922,023)
Depreciation expense	(144,990)	(179,294)	(173,930)	(498,214)
Consolidated carrying amount at 30th June 2021	15,527,926	1,606,182	609,743	17,743,851

Asset revaluations - Land and Buildings

The Directors revalued land and buildings of the Group at 30 June 2021. The revaluation included the Parwan Park South Property, which is subject to a term sale agreement as disclosed in Note 4, and which is supported by a recent independent valuation performed in June 2020, and the Parwan Park Property which is listed for sale at 30 June 2021 and which was revalued to bring it into line with market expectations before being transferred to assets held for sale (see Note 13).

Accounting treatment

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

Note 14 : Property, Plant & Equipment, Motor Vehicles and Livestock (continued)

Property
Freehold land and buildings are carried at their 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 accumulated 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 equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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 and are therefore carried at cost less accumulated depreciation and any accumulated 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.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or 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 recognised as expenses in profit or loss in 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 buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the 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 & equipment, and motor vehicles	4-27%
Livestock	10-20%

The assets' 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 estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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. 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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 of non-financial assets
At the end of each reporting period, each Company within the Group determines whether there is an evidence of an impairment indictor for non-financial assets. Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived form an asset or cash-generating unit. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 15 : Leases (Group as Lessee)

	Consolidated 2021 $	Consolidated 2020 $
Right-of-use assets		
Land at fair value	6,831,935	-

The Group has leased land for a period of 2 years and has entered into a contract to acquire the land at the expiry of the lease based on an independent valuation at the time of entering into the lease. The Group's obligations are secured by the lessor's title to the leased asset until final settlement.

The maturity analyses of lease liabilities is presented in Note 18.

Amounts recognised in profit and loss

Interest expense on lease liabilities	27,529	-

Accounting treatment

The Group recognises the right-of-use asset and the lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which covers the initial amount of the lease liability and the present value of acquiring the property at the conclusion of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of the lease liability.

Note 16 : Intangibles

Goodwill	2,300,000	-
Trademarks	20,444	18,844
	2,320,444	18,844

Movements in intangibles

	Goodwill	Trademarks	Total
Balance at 30th June 2020	-	18,844	18,844
Additions	2,300,000	1,600	2,301,600
Amount written-off	-	-	-
Carrying amount at 30th June 2021	**2,300,000**	**20,444**	**2,320,444**

Accounting treatment
Goodwill was acquired on the acquisition of a business and is subject to impairment of asset testing.
Other intangibles like trademarks are capitalised, and subject to the impairment of assets testing.

Impairment
Goodwill is not amortised but has been reviewed for impairment at the end of the financial year and will be reviewed annually on an ongoing basis. The directors considered the impairment calculations that had been undertaken and decided that it was too soon after the acquisition of the business to reach a proper conclusion on impairment or to properly allocate the goodwill across cash-generating units. Accordingly goodwill has been retained at acquisition cost and will be subjected to rigorous impairment testing in the coming year when performance and potential future performance of cash-generating units can be more accurately assessed.

Note 17 : Trade and Other Payables

Current		
Trade payables	1,970,285	891,142
Sundry payables and accrued expenses	457,873	504,857
	2,428,158	1,395,999
Non-current		
Sundry payables and accrued expenses	488,750	438,750

Accounting treatment
Trade and other payables represent the liability for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within contract terms which are all less than one year.

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 Australian Tax Office. 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 ATO is included with other receivables or payables in the Consolidated Statement of Financial Position.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 18 : Financial Liabilities	Consolidated 2021 $	Consolidated 2020 $
Current		
Bank loan secured	2,400,000	-
Lease liability- Right-of-use asset	162,198	-
	2,562,198	-
Non-current		
Bank loan secured	4,800,000	1,350,000
Lease liability- Right-of-use asset	6,590,502	-
	11,390,502	1,350,000
(a) Total current and non-current secured liabilities:		
Bank loan	7,200,000	1,350,000
	7,200,000	1,350,000
(b) The carrying amounts of non-current assets pledged as security are:		
First mortgage		
‘- Freehold land and buildings	12,619,527	10,893,248
	12,619,527	10,893,248

The bank loan is to Genetics Australia Co-operative Limited and the term of the current loan expires on 31 December 2021 and the term on $1,200,000 of the non-current loan expires on 30 September 2022 with the balance expiring on 29 December 2023. Genetics Australia Co-operative Limited has met their bank covenants during the reporting period and up to date of signing of the financial statements.

The lease liability on the right-of-use asset includes lease payments to 31 December 2022 together with a contractual obligation to acquire the asset on completion of the lease.

	within 1 year	1 to 2 years
Maturity analyses of lease liabilities	162,198	6,590,502

Accounting treatment

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The change in fair value of the financial liability attributable to changes in the issuer’s credit risk is taken to other comprehensive income and is not subsequently reclassified to profit and loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

Note 19 : Other Financial Liabilities

Current		
Debentures repayable within 12 months	-	-
Non-current		
Debentures repayable after 12 months	73,871	74,041
	73,871	74,041

Note 20 : Tax

a) Assets (Liabilities)

Deferred tax assets comprise:		
Provisions	290,045	241,447
Other	95,004	86,992
Income tax losses	1,706,890	1,888,962
	2,091,939	2,217,401
Deferred tax liabilities comprise:		
Tax allowances relating to		
Property, plant and equipment, motor vehicles and livestock	(4,070,087)	(4,004,066)
Assets held for resale	(453,933)	-
Leases	(20,601)	-
	(4,544,621)	(4,004,066)
Net liability	(2,452,682)	(1,786,665)

Note 20 : Tax (continued)	Consolidated 2021 $	Consolidated 2020 $
b) Reconciliations		
Gross Movements		
The overall movements in deferred tax account is as follows:		
Consolidated opening balance	(1,786,665)	(736,421)
Benefit from reduction in income tax rates to asset revaluation reserve	148,643	-
Charged to the income statement	(93,530)	(255,905)
Foreign exchange conversion difference	(1,630)	(2,239)
Transferred to asset revaluation reserve	(719,500)	(792,100)
	(2,452,682)	(1,786,665)

Accounting treatment
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. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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.

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) a legally enforceable right of set-off exists; and (b) 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.

Note 21 : Provisions

Current		
Annual Leave	235,506	133,292
Long Service Leave	352,209	328,730
	587,715	462,022
Non Current		
Long Service Leave	29,812	31,784
	29,812	31,784
Aggregate employee entitlements liability	617,527	493,806
Employee Benefits		
Consolidated opening balance at beginning of year	493,806	480,360
Amounts used	(273,458)	(193,930)
Acquired through purchase of a business (see note 29)	186,068	-
Additional provisions raised during the year	211,111	207,376
Consolidated balance at end of year	617,527	493,806

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.

Accounting treatment

Provision
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 the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 22 : Reserves

General Reserve – The general reserve records funds set aside for future expansion of the Group.
Asset Revaluation Reserve – The asset revaluation reserve records revaluations of Property.
Foreign Currency Translation Reserve – The foreign currency translation reserve records gains and losses arising from translating to Australian dollars the financial statements of foreign operations.

Note 23 : Capital commitments	Note	Consolidated 2021 $	Consolidated 2020 $
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:			
Livestock		-	25,500
		-	25,500

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, bank loans and debentures.

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:

	Note	Consolidated 2021 $	Consolidated 2020 $
Financial Assets:			
Cash and cash equivalents	9	518,916	295,209
Trade and other receivables	10	2,200,890	1,915,108
Total Financial Assets		2,719,806	2,210,317
Financial Liabilities:			
Financial liabilities at amortised cost:			
- Trade and other payables	17	2,916,908	1,834,749
- Bank loans - secured	18	7,200,000	1,350,000
- Debentures	19	73,871	74,041
Total Financial Liabilities and Debentures		10,190,778	3,258,790

Accounting treatment

Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss 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 the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 amount with a consequential recognition of an income or expense in profit or loss.

Note 24 : Financial Risk Management (continued)

(i) Financial assets at fair value through profit or loss

Financial assets are subsequently measured at:
- amortised cost
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:
-the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) 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 or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(iv) Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment
Impairment of financial assets is recognised in the form of a loss allowance for expected credit loss. The loss allowance is measured as a life-time expected credit loss if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured as 12-month expected credit loss if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.
The Group determines whether there has been a significant increase in credit risk since initial recognition by comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition using reasonable and supportable information, unless the financial instrument is determined to have low credit risk at the reporting date.
Changes in expected credit losses from the previous reporting period are recognised in profit or loss as an impairment gain or loss.
Expected credit losses are measured with reference to the maximum contractual period and considering:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables (other than government subsidies) are written off if there is objective evidence regarding bankruptcy or insolvency of the debtor and no guarantees are otherwise available from any third party on behalf of the debtor. This is the approach even if enforcement activities have already been initiated. Government subsidies are written off if there is evidence regarding changes in Government policies or non-compliance with the conditions related to the grant that the entity is no longer eligible to the subsidies.

Note 24 : Financial Risk Management (continued)

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 discharged, cancelled or have expired. The difference between the carrying amount 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 profit or loss.

Note 25 : Members Interest and Equity

	Consolidated 2021 $	Consolidated 2020 $
a) Share Capital:		
The details of share capital are as follows:		
Opening balance - 49,870 fully paid shares	99,740	106,340
Shares issued during the year	200	-
Shares cancelled/redeemed/forfeited during the year	(2,700)	(6,600)
Closing balance - 48,620 fully paid shares	97,240	99,740

	2021	2020
Number of Members	926	949

Accounting treatment

Members share capital is treated as a liability of the Group. Classification in this manner occurs because the Genetics Australia Co-operative Limited must forfeit and ultimately repay share capital that is forfeited under the inactive membership rules contained in the Co-operative National Law Application Act 2013 and the Rules of the Co-operative.

b) Components of Equity

The details of reserves are as follows:

	Foreign currency translation reserve $	Asset revaluation reserve $	General reserve $	Total $
Consolidated balance at 1 July 2019	(21,662)	5,027,574	1,307,561	6,313,473
Other comprehensive income for the year (all attributable to the parent):				
Increase during the year arising from independent revaluation of freehold properties				
Before tax		2,880,366		2,880,366
Tax benefit/(expense)		(792,100)		(792,100)
Net of tax		2,088,266		2,088,266
Exchange differences on translating foreign operations				
Before tax	8,146	-	-	8,146
Tax benefit/(expense)	(2,240)	-	-	(2,240)
Net of tax	5,906	-	-	5,906
Exchange difference on loan to foreign operation	(8,231)	-	-	(8,231)
Consolidated balance at 30 June 2020	(23,987)	7,115,840	1,307,561	8,399,414
Other comprehensive income for the year (all attributable to the parent):				
Increase during the year arising from a change in income tax rates		148,643		
Increase during the year arising from independent revaluation of freehold properties				
Before tax		2,600,000		2,600,000
Tax benefit/(expense)		(719,500)		(719,500)
Net of tax		1,880,500		1,880,500
Exchange differences on translating foreign operations				
Before tax	14,889	-	-	14,889
Tax benefit/(expense)	(3,871)	-	-	(3,871)
Net of tax	11,018	-	-	11,018
Exchange difference on loan to foreign operation	(16,097)	-	-	(16,097)
Consolidated balance at 30 June 2021	(29,066)	9,144,983	1,307,561	10,274,835

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 2021

Note 27 : Related Party Transactions

Related parties include the parent company, Genetics Australia Co-operative Limited, it's wholly owned subsidiaries, Genetics Investments Limited, Total Livestock Genetics Victoria Pty Ltd and Genetics Australia New Zealand Limited, directors and senior management of the Group. Details relating to the companies are set out in Notes 30 and 31 and remuneration of directors and executives is disclosed in Note 8.

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

Note 28 : New Accounting Standard for application in future periods.

REFERENCE AND TITLE: AASB 2021-2

Details of New Standard/Amendment/Interpretation:
AASB 2021-2: Amendments to Australia Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-2 amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors users of the financial statements and clarify the distinction between accounting policies and accounting estimates.

Impact on Co-operative
The directors do not anticipate that the adoption of AASB 2021-2 will have a significant impact on the results of the Co-operative's operations.

Application date for the Co-operative:
30-Jun-23

REFERENCE AND TITLE: AASB 2020-1

Details of New Standard/Amendment/Interpretation:
AASB 2020-1 : Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current.
This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

Impact on Co-operative
The adoption of AASB 2020-1 will not have any impact on the results of the Co-operative's operations

Application date for the Co-operative:
30-Jun-23

REFERENCE AND TITLE: AASB 2020-3

Details of New Standard/Amendment/Interpretation:
AASB 2020-3 : Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and other Amendments.
Amends the following Standards to effect a number of minor changes. AASB 1 First-time Adoption of International Financial Reporting Standards, AASB 9 Financial Instruments, AASB 16 Leases, AASB 141 Agriculture, AASB 3 Business Combinations, AASB 116 Property, Plant and Equipment and AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Impact on Co-operative
The directors do not anticipate that the adoption of AASB 2020-3 will have a significant impact on the results of the Co-operative's operations

Application date for the Co-operative:
30-Jun-23

REFERENCE AND TITLE: AASB 2021-3

Details of New Standard/Amendment/Interpretation:
AASB 2021-3 : Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021.
AASB extends the practical expedient in AASB leases in accounting for rent concessions as a result of COVID-19 to include rent concessions that only affect payments originally due on or before 30 June 2022 (previously 30 June2021).

Impact on Co-operative
The adoption of AASB 2021-3 will not have any impact on the results of the Co-operative's operations

Application date for the Co-operative:
30-Jun-22

Note 29 : Acquisitions

During the year the Group incorporated a wholly owned Australian subsidiary, Total Livestock Genetics Victoria Pty Ltd. On 6 January 2021 the Group acquired some of the assets and certain liabilities of Total Livestock Genetics Pty Ltd and also entered into a contract to acquire land at Camperdown and a second terms contract to buy land at Glenormiston details of which are as follows:

	$
Prepayments	32,609
Inventories	468,000
Property	1,314,271
Plant and Equipment and Motor Vehicles	1,204,415
Livestock	501,360
Goodwill	2,300,000
Annual Leave and LSL liability	(186,068)
Net cash paid relating to acquisition	5,634,587

The contract to purchase land at Glenormiston is not included in the above summary as it is a two year terms contract and is being leased by the Group until settlement. In accordance with Accounting Standard AASB16 Leases, the land has been classified as a right-of-use asset with a value that includes the current value of both future lease payments and the contracted purchase price of the property. The resultant lease liability is reduced by payments made and increased by interest.

Note 30 : Composition of the Groups

Set out below are the details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of incorporation and principal place of business	Principle activity	Proportion of ownership interests held by the Group. 2021	2020
Genetic Investments Ltd.	Australia	Investments	100%	100%
Genetics Australia New Zealand Limited	New Zealand	Sale of genetically superior bull semen to the NZ Dairy Industry.	100%	100%
Total Livestock Genetics Victoria Pty Ltd	Australia	Production and sale of genetically superior bull semen.	100%	-

Note 31 : Parent Entity information

Information relating to Genetics Australia Co-operative Limited (the Parent Entity):

	Consolidated 2021 $	Consolidated 2020 $
Statement of Financial Position		
Current assets	14,088,089	4,277,305
Total assets	28,089,655	19,171,351
Current Liabilities	4,077,471	1,709,911
Total Liabilities	12,022,932	5,579,164
Net assets	16,066,723	13,592,187
Retained earnings	5,614,179	5,168,786
General reserve	1,307,561	1,307,561
Asset revaluation reserve	9,144,983	7,115,840
Total equity	16,066,723	13,592,187
Statement of profit or loss and other comprehensive income		
Profit for the year	445,493	88,348
Other comprehensive income	2,029,143	2,088,266
Total comprehensive income	2,474,636	2,176,614

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 32: Events after reporting date

Since the end of the financial year the Group has accepted an unconditional offer to sell its property at Parwan Park, Bacchus Marsh which is surplus to requirements and has been disclosed as Assets Held for Sale in the Balance Sheet. The price that will be received for the sale is approximately the same as the book value of the property.

Stockdale and Leggo handled the sale of the property on behalf of the Group and one of their agents is the brother of the CEO of the parent company of the Group. In recognition of the relationship between the parties, the directors of the parent company ensured that the CEO had no involvement in the sale process or any discussions pertaining to it until after the contract was signed.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, or the results of those operations in future financial years.

DIRECTOR'S DECLARATION

The Directors of the Co-operative declare that:

1. The financial statements and notes set out on pages 8 to 26 are in accordance with the *Co-operative National Law Application Act 2013* and the *Corporations Act 2001* and:
   (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
   (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date.

2. In the Directors opinion there are reasonable grounds to believe that the Co-operative 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.

TREVOR HENRY
CHAIRMAN

CRAIG DRAKE
DEPUTY CHAIRMAN

Dated this 5th day of October 2021

Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GENETICS AUSTRALIA CO-OPERATIVE LIMITED

Opinion

We have audited the financial report of Genetics Australia Co-operative Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Co-operative National Law Application Act 2013* and *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and *the Corporations Regulations 2001*.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 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 conclusion thereon.

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

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

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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 – Reduced Disclosure Requirements and the *Co-operative National Law Application 2013* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Tom Mullarkey

Tom Mullarkey
Partner

Melbourne, 5 October 2021

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Breeding better Australian herds

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