

AniMark®



Annual Report

2019/20



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About AniMark

AniMark is an independent Australian public company limited by guarantee, specialising in the development and adoption of standards-based certification programs.

AniMark's standards-setting process is based on science, research and international precedents.

AniMark's flagship certification program is the Livestock Global Assurance Program or LGAP, which aims to foster world's best practice in the welfare and management of livestock.

AniMark is governed by an independent skills-based Board with five members, including the Chair.

Our Purpose

To set standards and monitor conformance for the ethical handling and management of livestock.

Our Vision

To be the international leader in the certification of agricultural supply chains.

Our Foundations

AniMark is built on the foundations of independence, integrity and transparency.

LGAP at a glance



ANIMALS

LGAP promotes the humane and ethical treatment of livestock. It defines consistent, evidence-based, scientific standards and provides assurances that appropriate practices are being fulfilled.



LIVESTOCK INDUSTRY

LGAP provides an effective, direct and efficient mechanism to assist in the monitoring of animal welfare and management outcomes through the supply chain. The livestock export industry has chosen LGAP to demonstrate their compliance with the Australian Government's regulatory framework ESCAS.



AUSTRALIAN GOVERNMENT

LGAP is the regulatory enabler which complements and demonstrates compliance with ESCAS. LGAP delivers audit independence, direct supply chain accountability and provides an evidence-based approach to enforcing consequences.



IN-COUNTRY PARTICIPANTS

LGAP provides opportunities for facilities and operators to improve standards and conduct their operations in line with internationally accepted animal welfare requirements, while demonstrating their commitment to ethical and sustainable standards.



COMMUNITY

The community can be confident that participants certified under LGAP are conforming to appropriate standards of animal welfare and management, are accountable for their performance and that the Australian Government maintains its regulatory oversight of the trade.

Chair Report

FY20 has been a transitional year for AniMark, and one of significant achievement. The company has progressed from its initial establishment phase in FY19 and I am proud of the way the Board and management have navigated several obstacles to ensure the company is now ready to launch LGAP in market.



JIM CUDMORE

We have remained committed to our purpose, of setting standards and monitoring conformance for the ethical handling and management of livestock, with the implementation of LGAP firmly in our sights.

Good governance is central to all our activities, and our foundations of independence, integrity and transparency have been critical in guiding our operations as we prepare to launch the program.

The significant challenges faced by the organisation throughout this past year, including the impact of COVID-19 and the absence of Australian Government regulatory approval, have been met head on and we have been focused on finding solutions. Our team have constantly readjusted our operational strategies and reassessed our risks, and considering the dynamic environment in which we are operating, have been justified in this approach.

Following the Department of Agriculture, Water and Environment (DAWE) signalling their intention to review industry cost recovery arrangements, AniMark embarked on the development of a new commercial plan in August 2019.

A program of national consultation was then undertaken, with industry supporting AniMark's continued implementation of LGAP and being accepting of an additional throughput fee to cover AniMark's services. While

not ideal, discussions are ongoing with the Department to arrive at a solution to enable AniMark to operate commercially as originally intended.

Government have not yet provided regulatory approval for AniMark to be a Third Party Provider of Assurance (TPPA) which would enable LGAP to be officially launched in market. The delays on this approval have been disappointing, with policy and timeline changes, the requirement for a Regulation Impact Statement to be completed and changes to legislation all impacting the approval process. This has required AniMark to realign resources and commitments to be in step with the Department's TPPA development processes. Although this has resulted in conserving reserves, there has been a delay in capacity building while certainty around Departmental activities was provided. The speed of development by AniMark has been determined by the Department's deliverables and outcomes in relation to the TPPA.

Since May 2020, in order to expedite LGAP being launched, AniMark has been working diligently with government to explore an alternative administrative arrangement rather than waiting on TPPA approval so that AniMark can be active in its initial target markets sooner.

Throughout the year the Board and management have continued to engage with a range of stakeholders, both industry and government.

While prior to this reporting period, the federal election in May 2019 had the effect of slowing our ability to progress the company's operations during the year. There were several changes at a departmental level around the time of the election and the subsequent appointment of a new Minister for Agriculture in Senator the Hon Bridget McKenzie.

Further changes in February 2020 saw the appointment of the Hon David Littleproud MP as Minister for Agriculture and the new Department of Agriculture, Water and the Environment established with Andrew Metcalfe AO appointed as Secretary following Daryl Quinlivan's departure. I would like to publically acknowledge the support provided to AniMark by the former Secretary.

AniMark has navigated these changes and ensured that Ministers, their advisers and departmental staff are continually informed of AniMark's progress and intended activities. The importance of the TPPA to AniMark's operations was a focus for meetings with Members of Parliament and Senators, as it is evident that a supportive government policy environment is paramount to AniMark's ongoing success.

The Board met a total of ten (10) times, including monthly from July-December 2019 with an additional meeting in September, then in March, April and June 2020. As was the way for many organisations, in 2020 the

Board has met virtually since March, adapting to the impact of COVID-19 and subsequent travel restrictions. This approach has ensured continuity of governance operations and has also proved a cost-effective measure for the organisation.

The Rules and Integrity Committee was established in November and is responsible for the development, recommendation and maintenance of the rules governing participation in the Program and any intellectual property associated with these Certification Rules. There are two AniMark independent directors on the Committee and I thank them for their contribution.

In March, AniMark established the Standards Committee and appointed Dr Roly Nieper as its independent chair. The Standards Committee is responsible for developing and maintaining the LGAP Standards which includes drafting and discussing content, considering comments from market feedback and public comment, as well as redrafting and amending standards.

The AniMark Standards Committee includes the following members on account of their independence and expertise: Dr Roly Nieper (Chair), Dr David Beggs, Nick Crichton, John Cunningham, Graeme Drake, Jason Hatchett, Dr Mahmoud Odeh, Greg Pankhurst and Dr Peter Thornber. Dr Eliot Forbes represents AniMark on the Committee.

The Standards Committee first met virtually over three days in May and went through the process of reviewing each of the Standards and updating them, ensuring they are in line with government changes since their original formulation. A public comment period was held for feedback with the Standards to be finalised by the Standards Committee. I thank the Chair of the Standards Committee and

its members for their hard work and dedication to reviewing the Standards, ensuring they meet current requirements.

It is pleasing that AniMark's considerable progress this year and focus on finding solutions means that all milestones occurring in grants provided to AniMark have now been achieved. While AniMark was subject to an initial reduction in Government funding from a previously agreed allocation, some of that funding has been restored and I appreciate the Government's response.

The implementation of LGAP remains AniMark's priority and the plan set out by the LGAP Implementation Steering Committee (LISC) has provided a comprehensive roadmap.

This year we have been working hard to determine the initial markets in which AniMark will be operational. The Australian Livestock Exporters' Council (ALEC) had discussions with AniMark and indicated that Vietnam was an area of focus for supply chain traceability and as such, Vietnam has been determined as one of AniMark's first target markets.

Also, at the request of ALEC, AniMark resolved to pursue a new Standard in relation to control and traceability. Following funding support from the Livestock Export Program (LEP) that project is underway, along with another two key initiatives, an IT conformance system to administer LGAP and the development of training materials to ensure the effective delivery of LGAP in country.

This year we have returned a surplus of \$1,025,273 and we have been able to establish the systems and frameworks required to provide auditing and certification services for LGAP. While it is frustrating that AniMark's ability to develop its own revenue streams is tied to the TPPA approval, this surplus leaves us in a sound position in anticipation

of becoming fully operational in the second quarter of FY21.

As we reflect on FY20, it is clear that a supportive government policy environment and industry's support of LGAP in the take up of AniMark's services is a large and determining factor in AniMark's ongoing success.

I would like to extend my thanks to the Minister for Agriculture, the Hon David Littleproud, and his predecessor Senator the Hon Bridget McKenzie for their assistance over the past year.

We have been proactive in engaging with AniMark's founding members – Goat Industry Council of Australia, Australian Livestock Export Corporation, Australian Livestock Exporters Council, Cattle Council of Australia and Sheep Producers Australia, and I thank them for their ongoing support. The industry service companies LiveCorp and MLA, and individual exporters have also contributed significantly to our efforts in bringing LGAP to fruition.

I particularly want to thank the AniMark directors and CEO Dr Eliot Forbes, as well as the team for their work over the past year. It has been a tremendous effort from all involved and I am confident that the efforts to date have positioned the company well for a program launch in country in the first quarter of FY21.

While we continually work towards achieving our vision of being the international leader in the certification of agricultural supply chains, our focus remains on the implementation of LGAP, AniMark's flagship certification program and I look forward to reporting on its further success in the near future.



JIM CUDMORE
CHAIR

CEO Report

In the face of many challenges, AniMark has remained agile and solutions-focussed and pleasingly has now implemented all of the operational elements of the program that will permit the launch of audit activity in the latter half of the 2020 calendar year.



DR ELIOT FORBES

The LGAP Implementation Steering Committee (LISC) Report stated:

“However, establishing LGAP will also involve risks and implementation problems are inevitable – either because of errors in the projected budget or due to issues with overseas acceptance, compliance or trade competitiveness. Implementation will involve many road bumps and there is a need to set realistic expectations and prepare for likely scenarios.”

While the authors of that report could not have anticipated the COVID-19 pandemic of 2020, they were accurate in their prediction that the implementation of a complex and ambitious program like LGAP, would need to navigate risks and problems.

Like many organisations around Australia, AniMark has responded responsibly and appropriately to the COVID-19 pandemic, with the team working remotely from 19 March through to 8 June 2020. The company has successfully adapted its engagement methods with both our domestic and international stakeholders and a watching brief is maintained as the situation continues to evolve.

The final steps that will see the company fully operational will rely on support from exporters through the take up of AniMark’s services, as

well as timely regulatory approvals from the Australian Government and their implementation of a supportive policy environment in which AniMark can operate.

REGULATORY ENVIRONMENT

The regulatory and commercial model for AniMark to operate was developed by the LISC, which comprised industry and Government representatives. LISC formulated a business model where AniMark would generate revenue from throughput fees levied in place of the existing Department of Agriculture, Water and the Environment (the Department) throughput fees. It was envisaged that exporters would be responsible for one set of throughput compliance expenses for Exporter Supply Chain Assurance System (ESCAS). The model was also premised on funding support from the Government of \$8.3m and an expeditious regulatory approval process of approximately 12 months.

In mid-2019 the Government indicated that they were not in a position to amend existing throughput levies for users of LGAP as anticipated by LISC, which required AniMark to review its commercial model.

Following a national roadshow to engage with the members of the Australian Livestock Exporters’ Council (ALEC), a new commercial model was agreed, comprising a new

throughput fee regime. AniMark understands the Department is reviewing its industry cost recovery arrangements and is hopeful that the anticipated efficiencies generated by LGAP will manifest in cost savings being passed back to industry. AniMark has committed to work with ALEC to demonstrate the benefits that LGAP will provide to program users and the regulator.

While AniMark has adapted to these unforeseen circumstances, it is a significant reminder that for LGAP to be successful, a consistent, supportive government policy environment is required.

AniMark’s launch of LGAP relies on the Australian Government approving AniMark as a Third Party Provider of Assurance (TPPA) services through new legislative provisions. AniMark will only be in a position to generate material commercial revenues when all regulatory approvals are secured.

AniMark worked closely with the Department (Live Animal Exports Division) over the second half of 2019 to agree a practical policy framework to deliver the benefits of LGAP as intended. The Department was required to develop a Consultation Regulation Impact Statement (RIS), which involved an external consultation period conducted between 6 December 2019 and 17 January 2020. AniMark prepared

a submission in which it called for the use of TPPA arrangements by exporters to be mandatory.

The Department advised on 8 July 2020 that the proposed enabling legislation to allow for TPPA arrangements would commence from 28 March 2021. With subsequent TPPA approval most likely to be granted in April or May 2021, this represents a significantly different approval timeline from what was anticipated under the LISC review.

Recognising the operational and financial burden of these protracted timelines, the Department has agreed to progress discussions investigating the feasibility of some transitional administrative arrangements, which would allow AniMark's audit operations to commence while waiting for TPPA approval.

STAKEHOLDER ENGAGEMENT

AniMark has been working closely with live export industry stakeholders throughout the year, including providing quarterly reports to its founding members, and maintaining regular dialogue with ALEC and its state chapters regarding the new commercial model for AniMark, among other issues.

Discussions with the Department have been regular and are ongoing, as has our involvement specifically with their Live Animal Exports Division.

With the assistance of the Live Export Program (LEP) staff, AniMark visited Vietnam in late 2019, engaging with Australian embassy officials, representatives of the Department of Animal Health in Vietnam, local audit company personnel and supply chain partners in both north and south Vietnam. The company also spent time in Indonesia in early 2020, building an initial understanding of that market, as well as forging relationships with supply chain partners. In-country

visits were also planned for the Middle East and Japan, but unfortunately the international travel bans due to COVID-19 have halted direct market engagement.

Leveraging the relationships forged during initial in-country visits, AniMark has built bridges with the Indonesian importer's association, GAPUSPINDO and has had several constructive meetings with that organisation. Building program awareness and acceptance in a virtual world looks to remain the norm for the foreseeable future and AniMark will need the ongoing support and enthusiasm of exporters, their supply chain partners and LEP staff in order to realise the company's ambitious launch goals.

LIVEXchange was held in Townsville on 30-31 October 2019 and provided an opportunity for AniMark to further engage with industry stakeholders around the opportunities and challenges facing the Australian livestock export trade. The theme Welfare beyond borders was particularly apt and I was pleased to present an update on LGAP to delegates.

OPERATIONS AND GOVERNANCE

As a result of delays in the regulatory approval process and the impact of COVID-19, AniMark has maintained a tightly disciplined approach to its fiscal management, working to ensure careful alignment of resources with strategic goals and operational requirements.

Communications has been a focus for the past year, with the launch of a corporate website providing an excellent source of information on AniMark, LGAP and company news. AniMark is active on LinkedIn with regular posts and has launched a WhatsApp LGAP discussion group

to enable live export industry participants to converse on key LGAP issues.

Significant work has been undertaken during FY20 to ensure the appropriate legal and governance frameworks are in place to allow AniMark to be fully operational and ready to launch. Negotiations around the licensing arrangements for LGAP have concluded with MLA and LiveCorp executing a license for AniMark to use the intellectual property in April 2020.

AniMark successfully applied for a private ruling from the Australian Tax Office regarding an income tax exemption. This has ensured the Australian Government's contribution to the establishment of LGAP has been fully maximised for the benefit of all industry participants.

Further, AniMark has continued working throughout the year on building its portfolio of trademark registrations to establish intellectual property protection in key international markets.

IMPLEMENTING LGAP

AniMark has drafted a series of updates to the 2016 LGAP Standards to ensure alignment with contemporary ESCAS requirements. The revised Standards were subject to a public comment period which concluded on 31 July 2020 and following this, AniMark's Standards Committee have now finalised the updated standards. This has been an important process to ensure that the Standards, that were written in 2016, are aligned with all ESCAS requirements in 2020.

The LISC Report of 2017 apportioned responsibility for key elements of training to LEP staff and identified the need for more LEP research into control and traceability matters. In order to access funding to address these two key issues, AniMark was



required to submit its renewed Commercial Plan to the LEP, to demonstrate its financial viability and industry's acknowledgement of the new throughput levies.

Following supporting correspondence from ALEC, AniMark was able to formally submit project proposals to the LEP for the two abovementioned issues and for a new information technology conformance system. The LEP provided in-principle approval for all three projects in October and written confirmation in December 2019.

1. AniMark Conformance System (IT system)

An information technology (IT) conformance system was needed to administer LGAP, to allow program participants to apply for certification, undertake their internal audits and record their corrective actions in response to nonconformities. Exporters and importers will also have the ability to monitor the audit performance of their downstream supply chain partners. Auditors will use the system to conduct audits, undertake risk assessments and manage nonconformities. AniMark will use the system to manage the program including allocating audit work, monitoring activities, and generating reports in accordance with its compliance obligations as a TPPA.

In July 2019, Deloitte Consulting was engaged to provide AniMark with expert advice on the most suitable technology solutions to manage and administer LGAP. Deloitte recommended purchasing specialised software to expedite the implementation of LGAP. AniMark ran a competitive tender process over September and October of 2019 which resulted in the selection of *Ecert* as the appropriate technology solution. AniMark moved to contracting following written approval from the LEP in December

2019 and the six-month configuration process commenced in January 2020. The configuration was based on more than 200 specifications to ensure that workflows and processes reflected the requirements of LGAP and aligned with the operational needs of users.

With configuration and internal testing processes now complete, all of the required evaluation measures have been met and the system is now "live". The next step is to run a trial audit and discussions are underway with potential partners, likely in Vietnam. This will provide a real-life test of training and the IT system, give auditors a chance to check their processes, and ensure there are no last-minute issues prior to LGAP going live.

2. R&D project to develop a Control & Traceability Standard

A key principle of the ESCAS regulatory framework is maintaining control and traceability of all livestock through the supply chain. Control and traceability obligations present a significant number of non-compliances under ESCAS.

AniMark was requested by ALEC to review existing standards and approaches to managing control and traceability. As a result of this review, a project is being funded by the LEP RD&E Program to develop a new standard to assess and audit control and traceability systems used in the industry. Following a competitive tender process, specialised consultants were appointed to deliver the project which commenced at the end of July 2020.

The first phase involves consultation with exporters, the government and supply chain partners here and in destination markets, to gain a detailed understanding of control and traceability systems already in place and identify any areas for improvement.

The second phase is the technical development of the standard, including review by AniMark's Standards Committee. This will ensure it is not only practical and effective, but in line with international best practice for setting standards, which includes a period for public comment.

3. Training materials development and roll-out

Training on LGAP and how to use the AniMark Conformance System is a fundamental element of the LGAP Program. AniMark has taken on the development of training materials largely in-house, with a framework of 'engagement, training, onboarding and launch' which will be delivered with the support of the LEP staff.

Training materials have been developed in a modular fashion and have been adapted to be delivered to global participants in a webinar format. Test sessions designed to seek industry feedback were held in late June 2020 with 24 attendees participating from around the world. Further test sessions were conducted in early August 2020 and a training calendar will now be rolled out along with small group coaching sessions also available on demand.

PREPARATION FOR OPERATING IN MARKET

AniMark has a key responsibility to procure, assess and train audit personnel for all markets. AniMark issued a global competitive request for tender for the provision of evaluation and certification services for LGAP in Australia, Vietnam, Indonesia, Japan and Kuwait in the first instance. Despite the impact of COVID-19 there was a good response and AniMark appointed four highly regarded, international firms to its Approved Certification Body (ACB) panel. These firms met exacting requirements and contracts with

selected ACBs have been finalised. Pricing schedules for audits across initial markets will be provided closer to launch. Additional firms and markets will be added to the ACB panel as LGAP rolls out.

In February this year AniMark held an LGAP workshop in Singapore with the LEP in-market team, LiveCorp representatives and a range of in-market specialists.

Participants were taken through the details of LGAP's certification requirements and AniMark's progress to date. The meeting workshoped strategies for the rollout of LGAP in initial markets, including Vietnam, Indonesia, Japan and Kuwait.

Key learnings from the workshop have been incorporated in AniMark's planning documents. This exercise has highlighted the need to continue to invest energy and time to build understanding and acceptance of LGAP.

COVID-19 has had a significant impact on this work and travel restrictions present a challenge to LGAP's launch and ultimate acceptance. AniMark will continue to pursue avenues for remote engagement in order to maintain and build momentum towards program launch.

In terms of AniMark's financial performance, the company has operated this year with a surplus of \$1,025,273. Presently AniMark is reliant on government grants to finance its operations, with the company unable to generate its own commercial returns until the TPPA is in place. Through sound fiscal management AniMark has maintained adequate cash reserves in order to continue the implementation of LGAP into FY21 while the company awaits TPPA approval.

I would like to thank AniMark's Chair Jim Cudmore and the entire Board for their guidance and encouragement during FY20. I am also appreciative

for the support provided by ALEC, LiveCorp and AniMark's other founding members, as well as MLA, including the LEP team across the world. It is also important to recognise the assistance offered by many exporters who have provided introductions and technical guidance to help AniMark progress implementation initiatives.

Finally, I would also like to acknowledge the resilience and agility of the team at AniMark who have navigated successive challenges and have now successfully positioned the program for launch.

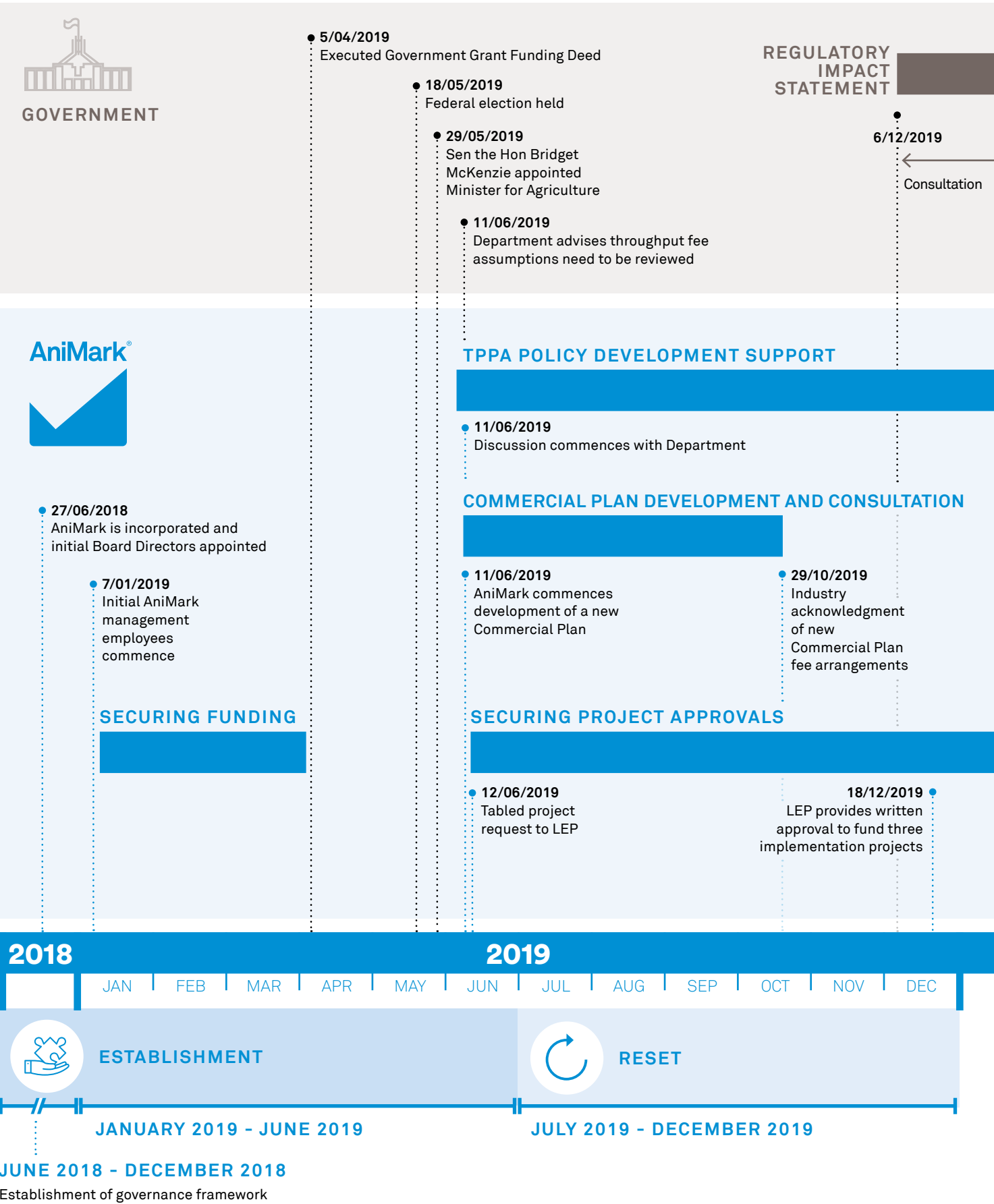
While LGAP has been a long running industry initiative, the operational capability at AniMark began when its employees commenced in January 2019. In a short 18-month period, all substantive operational elements are now in place to deliver on AniMark's vision to become the international leader in the certification of agricultural supply chains.

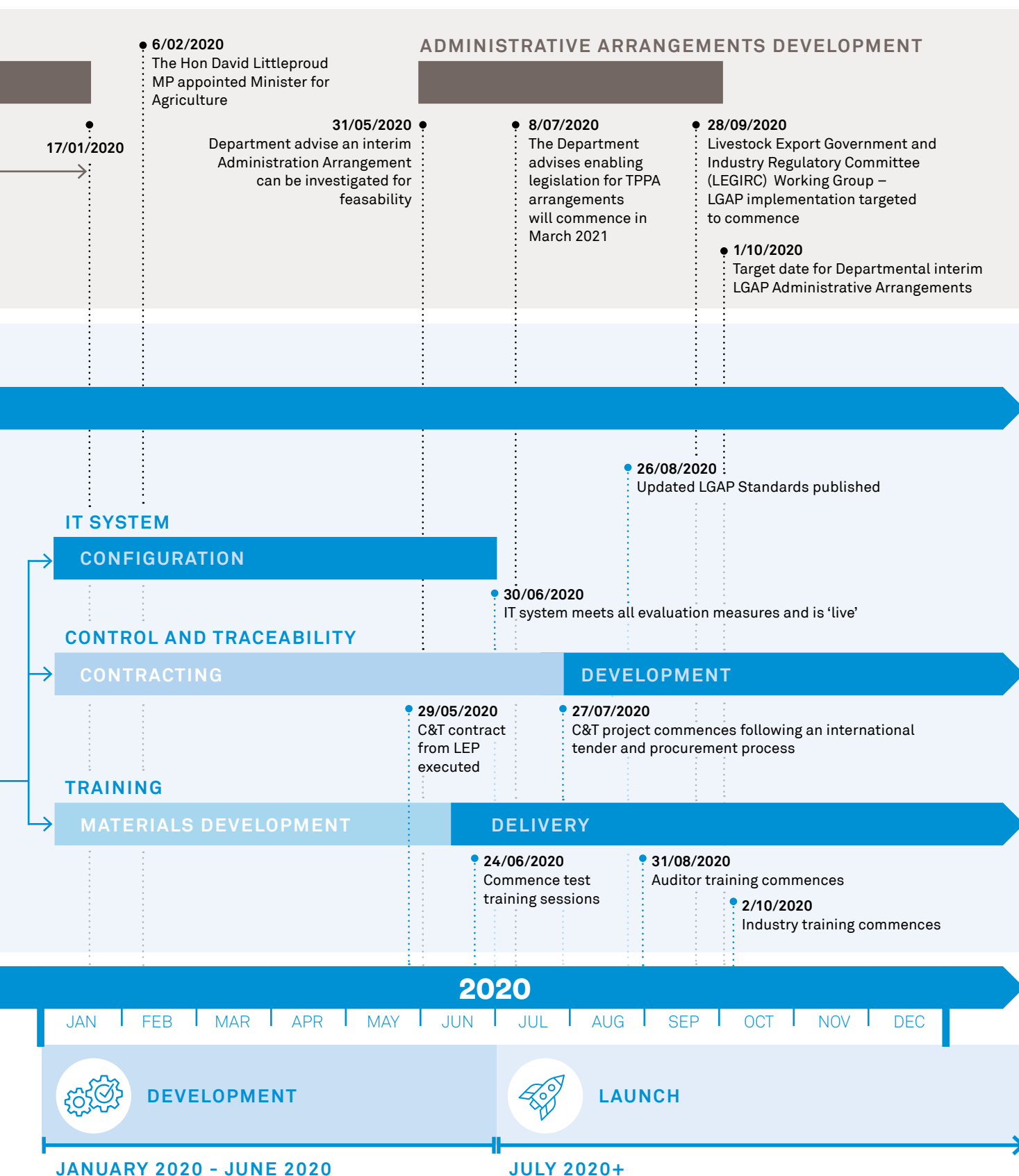
With the continuing support of our stakeholders, necessary regulatory approvals and a supportive government policy environment, I am confident that AniMark will soon be able to provide exporters with an efficient pathway to help them fulfill their ESCAS compliance obligations and continue to build on the foundations of ESCAS to provide enhanced animal welfare assurances across Australia's export markets.



DR ELIOT FORBES
CEO

Roadmap to Launch (June 18-December 20)





Board of Directors



JIM CUDMORE

JIM CUDMORE – CHAIR

Mr Cudmore has an extensive leadership background in commercial agriculture and a passion for continual improvement in the cattle and beef industry. He currently works with organisations in designing and implementing strategies that enhance their capabilities in the Australian cattle and beef value chain.

Mr Cudmore's skills and experience include strategic planning, systems improvement, quality assurance, integrity systems, auditing, governance, team management and livestock handling and management.

Mr Cudmore is currently the principle of the service company Agricircle Pty Ltd. He has previously served as a non-executive director for the Red Meat Advisory Council, Australian Lot Feeders Association (Chair 2008-12), Stockyard Pty Ltd, Canon Hayes Pty Ltd, and as an executive director for

Kerwee Lot Feeders Pty Ltd. He is a Life Member of the Australian Lot Feeders' Association.

Mr Cudmore is currently Chair of the Australian Feedlot Industry Accreditation Committee, a member of the National Livestock Identification System Standards Committee, a member of the Australian Feedlot Research Institute Working Group and a member of the Australian Lot Feeders' Association Shade Implementation Working Group.

Mr Cudmore holds a Bachelor of Science Degree (Biochemistry and Microbiology) from the University of Queensland, a Certificate in Rural Management from the Queensland Institute of Technology, is a Graduate and Fellow of the Australian Rural Leadership Program and a Graduate and Member of the Australian Institute of Company Directors.



CAMPBELL HEDLEY

CAMPBELL HEDLEY

Mr Hedley is a lawyer and risk professional with skills and experience including environmental, social and corporate governance, risk management, animal welfare compliance, securities and trading compliance, litigation and dispute resolution.

Mr Hedley provides legal, risk & governance consulting services, predominantly to the not-for-profit sector. He was previously General Manager of Corporate Services, General Counsel and Company Secretary of Paraway Pastoral Company Limited. Prior to this, he worked for Macquarie Group Limited (2007 – 2015) as Division Director and Head of Legal of the Macquarie Securities Group in Asia.

Mr Hedley served as Chairman of Orange Racing Limited and President and Committee Member of Petersham Rugby Union Football Club. He is currently a director and founder of Two Heads Brewing Pty Ltd and Secretary of Emus Rugby Club Limited.

Mr Hedley has a Bachelor of Laws and Bachelor of Business from the University of Technology Sydney and a Graduate Diploma of Applied Corporate Governance.



KIM HALBERT

KIM HALBERT

Mr Halbert is a Western Australian primary producer who has operated a successful farming operation of grain and livestock for the past 38 years. He has a combination of skills and experience from grain, livestock and seedstock production, government policy, corporate leadership, through to finance, risk and auditing.

Mr Halbert has served in a number of non-executive director positions including Deputy Chair of the Grains Research and Development Corporation (GRDC), an inaugural director of Wheat Exports Australia, Director of the Grain Licensing Authority in Western Australia, Director of Geraldton Port

Authority and Director of Mid-West Ports Authority. Currently, Mr Halbert is a Director of Plant Health Australia and Wheat Quality Australia.

Mr Halbert has undertaken large strategic planning processes while on the Board of GRDC and Mid-West Ports Authority, chairing the GRDC and the Mid-West Ports Authority Finance Risk and Audit committees, and the Commercialisation Committee at GRDC.

Mr Halbert has a Bachelor of Commerce (Economics and Finance) from Curtin University and is a Graduate of the Australian Institute of Company Directors (GAICD).



KATHRYN PAYTEN

KATHRYN PAYTEN

Ms Payten is a Senior Technology Executive with a career that spans over 25 years at IBM, Lend Lease and MLC.

Currently the Director of Technology Assurance and Governance at ASIC, Ms Payten is responsible for IT corporate governance, the successful delivery of technology projects, and continuous improvement to enhance strategic delivery and drive value.

Ms Payten reports regularly to the Risk and Audit Committees, with responsibility for audit traceability, identifying and mitigating operational and strategic risks, and ensuring adherence to operational controls and the compliance framework.

Ms Payten has delivered complex business transformation projects spanning banking and finance, HR, construction and government

legislative outcomes, reporting to Board and Commission level. She has set up and managed large global operations teams (150+ people) and managed C-level stakeholder relationships.

Ms Payten is a Graduate of the Australian Institute of Company Directors (GAICD), a member of the Industry Advisory Board – University of Technology Sydney Engineering and IT Faculty, and a member of the Artificial Intelligence and Ethics Committee – Australian Computer Society.

She holds a Masters of Commerce (Finance and Organisational Behaviour) from UNSW, and a Bachelor of Information Technology from UTS.



PETER WELLS

PETER WELLS

Mr Wells is an experienced executive and board director, has held public sector executive roles and served as CEO of CPSIIG. He has a broad government and private sector background spanning transport, natural resources, environment, customer service and land use planning. He worked in operational and policy roles responsible for regulation and compliance, licencing, IT programs, controlling and granting access rights, financial regulation and in governance and risk control.

Mr Wells was Executive Director Safety & Compliance, at the NSW Roads and Maritime Services from 2010-2016. Prior to this he held Director and General Manager roles in the NSW Government for more than 10 years.

Mr Wells was responsible for managing the NSW customer and regulatory functions for heavy and light vehicles, licensing and registration and business systems covering large state-wide functions now delivered in collaboration with Service NSW.

Mr Wells has a professional interest in several key areas: leadership and setting strategic direction for organisations and work teams; service delivery and continuous improvement; policy development and implementation; regulatory compliance and enforcement; collaboration with industry to improve policy and regulatory outcomes; positive engagement of top management, staff and the community; and governance and ethics.

Mr Wells is a Graduate of the Australian Institute of Company Directors (GAICD), has a Bachelor degree from UNSW, a Masters' degrees from Sydney University and possesses over 20 years' experience in customer service, regulation and enforcement.





AniMark Ltd
ABN 28 627 096 691

Financial Statements

30 June 2020



AniMark Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements of AniMark Ltd (referred to hereafter as the company) for the year ended 30 June 2020.

Directors

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

James Cudmore
Kim Halbert
Campbell Hedley
Kathryn Payten
Peter Wells

Principal activities

During the financial year the principal activity of the company has been the establishment of systems and frameworks in preparation for the provision of auditing and certification services in relation to the Livestock Global Assurance Program (LGAP).

Review of operations

The surplus for the year amounted to \$1,025,273 (30 June 2019: \$2,631,137).

AASB 16 'Leases' was implemented with no impact on total comprehensive income for the year.

The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2020 has constrained operational activity, primarily through international travel restrictions preventing planned access to first markets.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

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

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

Likely developments and expected results of operations

The company has been established by the Australian Government in collaboration with the Australian Live Export Industry to provide auditing and certification services in relation to LGAP. During the financial year ending 30 June 2021 the company will become operational at which point its future success will be determined by industry take up of LGAP and the implementation of a supportive policy environment by the Australian Government.

Environmental regulation

AniMark is not subject to any significant environmental regulation under Australian Commonwealth or State law.

AniMark Ltd
Directors' report
30 June 2020

Information on directors

Name:	James Cudmore
Title:	Non-Executive Chairman
Qualifications:	B.Sc. (Biochem & Micro), Dip.RM, GAICD, FARLP
Experience and expertise:	Mr Cudmore has an extensive leadership background in commercial agriculture and a passion for continual improvement in the cattle and beef industry. He currently works with organisations in designing and implementing strategies that enhance their capabilities in the Australian cattle and beef value chain. Mr Cudmore's skills and experience include strategic planning, systems improvement, quality assurance, integrity systems, auditing, governance, team management and livestock handling and management.
Special responsibilities:	None
Name:	Kim Halbert
Title:	Non-Executive Director
Qualifications:	B. Com (Econ&Fin) GAICD
Experience and expertise:	Mr Halbert is a Western Australian primary producer who has operated a successful farming operation of grain and livestock for the past 38 years. He has a combination of skills and experience from grain, livestock and seedstock production, government policy, corporate leadership, through to finance, risk and auditing. Mr Halbert has served in a number of non-executive director positions including Deputy Chair of the Grains Research and Development Corporation (GRDC), an inaugural director of Wheat Exports Australia, Director of the Grain Licensing Authority in Western Australia, Director of Geraldton Port Authority and Director of Mid-West Ports Authority. Currently, Mr Halbert is a Director of Plant Health Australia and Wheat Quality Australia.
Special responsibilities:	None
Name:	Campbell Hedley
Title:	Non-Executive Director
Qualifications:	LLB BBus FGIA FCIS
Experience and expertise:	Mr Hedley is a lawyer and risk professional with skills and experience including environmental, social and corporate governance, risk management, animal welfare compliance, securities and trading compliance, litigation and dispute resolution. Mr Hedley provides legal, risk & governance consulting services, predominantly to the not-for-profit sector. He was previously General Manager of Corporate Services, General Counsel and Company Secretary of Paraway Pastoral Company Limited. Prior to this, he worked for Macquarie Group Limited (2007 – 2015) as Division Director and Head of Legal of the Macquarie Securities Group in Asia.
Special responsibilities:	Chairman of the Rules & Integrity Committee
Name:	Peter Wells
Title:	Non-Executive Director
Qualifications:	BSc MScMed GAICD

AniMark Ltd
Directors' report
30 June 2020

Experience and expertise:	Mr Wells is an experienced Executive and Board Director, has held public sector executive roles and served as CEO of CPSIIG. He has a broad Government and Private Sector background spanning Transport, Natural Resources, Environment, Customer Service and Urban Planning. He worked in operational and policy roles responsible for Regulation and Compliance, Licencing, IT Programs, controlling and granting Access rights, Financial Regulation and in Governance and Risk Control.
Special responsibilities:	Member of the Rules & Integrity Committee
Name:	Kathryn Payten
Title:	Non-Executive Director
Qualifications:	BInfTech MCom GAICD
Experience and expertise:	Ms Payten is a Senior Technology Executive with a career that spans over 25 years at IBM, Lend Lease and MLC. Currently the Director of Technology Assurance and Governance at ASIC, Ms Payten is responsible for IT corporate governance, the successful delivery of technology projects, and continuous improvement to enhance strategic delivery and drive value.
Special responsibilities:	None

Company secretary

Campbell Hedley (LLB BBus FGIA FCIS) has held the role of Company Secretary during the whole financial year and up to the date of this report.

Meetings of directors

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

	Full Board Attended	Full Board Held	Rules & Integrity Committee Attended	Rules & Integrity Committee Held
James Cudmore	10	10	-	-
Kim Halbert	9	10	-	-
Campbell Hedley	10	10	3	3
Kathryn Payten	10	10	-	-
Peter Wells	9	10	3	3

Held: represents the number of meetings held during the time the director held office.

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of \$100 each. The total amount that members of the company are liable to contribute if the company is wound up is \$500, based on 5 current ordinary members.

Indemnity and insurance of officers

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

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

**AniMark Ltd
Directors' report
30 June 2020**

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Rounding of amounts

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

Auditor's independence declaration

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

Auditor

Nexia Sydney Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**James Cudmore
Director**

19 August 2020
Brisbane



To the Board of Directors of AniMark Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As audit partner for the audit of the financial statements of AniMark Limited for the financial period ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in dark ink that reads 'Nexia'.

Nexia Sydney Audit Pty Ltd

A handwritten signature in dark ink, appearing to be 'Mark Boyle'.

Mark Boyle
Director

Sydney

Dated: 19 August 2020

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**AniMark Ltd
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General information

The financial statements cover AniMark Ltd which had no controlled entities at the end of, or during, the period. The financial statements are presented in Australian dollars, which is AniMark Ltd.'s functional and presentation currency.

AniMark Ltd is an unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2020. The directors have the power to amend and reissue the financial statements.

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

	Note	2020 \$	2019 \$
Other Income	3	2,764,895	3,164,462
Expenses			
Employee benefits expense		(923,536)	(232,618)
General & administrative expense		(386,219)	(149,854)
Governance expense		(261,485)	(144,872)
Conformance System expense		<u>(168,382)</u>	<u>-</u>
Surplus before income tax expense		1,025,273	2,631,137
Income tax expense		<u>-</u>	<u>-</u>
Surplus after income tax expense for the year		1,025,273	2,631,137
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,025,273</u>	<u>2,631,137</u>

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

AniMark Ltd
Statement of financial position
As at 30 June 2020

	Note	2020	2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	2,949,546	2,765,764
Trade and other receivables	6	421,032	-
Other	7	58,930	7,979
Total current assets		<u>3,429,508</u>	<u>2,773,743</u>
Non-current assets			
Plant and equipment	8	12,414	6,413
Right-of-use assets	9	87,693	-
Intangibles	10	404,668	-
Total non-current assets		<u>504,775</u>	<u>6,413</u>
Total assets		<u>3,934,283</u>	<u>2,780,156</u>
Liabilities			
Current liabilities			
Trade and other payables	11	91,059	124,247
Lease liabilities	12	87,693	-
Employee benefit provision	13	28,622	10,725
Other	14	70,499	14,047
Total current liabilities		<u>277,873</u>	<u>149,019</u>
Total liabilities		<u>277,873</u>	<u>149,019</u>
Net assets		<u>3,656,410</u>	<u>2,631,137</u>
Equity			
Retained surpluses	15	<u>3,656,410</u>	<u>2,631,137</u>
Total equity		<u>3,656,410</u>	<u>2,631,137</u>

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

AniMark Ltd
Statement of changes in equity
For the year ended 30 June 2020

	Retained surpluses	Total equity
Balance at 27 June 2018	-	-
Surplus after income tax expense for the year	2,631,137	2,631,137
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	2,631,137	2,631,137
Balance at 30 June 2019	2,631,137	2,631,137
	Retained surpluses	Total equity
Balance at 1 July 2019	2,631,137	2,631,137
Surplus after income tax expense for the year	1,025,273	1,025,273
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	1,025,273	1,025,273
Balance at 30 June 2020	3,656,410	3,656,410

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

AniMark Ltd
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Proceeds from Government Grants		2,374,148	3,460,613
Proceeds from Industry Contributions		206,250	-
Payments to suppliers and employees (inclusive of GST)		(2,043,912)	(691,645)
Interest received		20,010	3,493
Net cash from operating activities		<u>556,496</u>	<u>2,772,461</u>
Cash flows from investing activities			
Payments for equipment and intangibles		<u>(372,714)</u>	<u>(6,697)</u>
Net cash used in investing activities		<u>(372,714)</u>	<u>(6,697)</u>
Net increase in cash and cash equivalents		183,782	2,765,764
Cash and cash equivalents at the beginning of the financial year		<u>2,765,764</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	5	<u>2,949,546</u>	<u>2,765,764</u>

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

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Comparative amounts

The 2019 comparative amounts reported are for the period from date of incorporation, 27 June 2018 to 30 June 2019.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The company had no foreign operations during the period.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Rendering of services revenue is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Grants

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

Interest

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

Other revenue

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

Income tax

The company is exempt from income tax with the exception of Fringe Benefits Tax and Goods and Services Tax payable to the ATO which are recognised as incurred and accrued.

Current and non-current classification

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade and other receivables

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

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

Plant and equipment

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

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

Computer and office equipment	3 years
-------------------------------	---------

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

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

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

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

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

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

Intangible assets

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

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets

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

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

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

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

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

Provisions

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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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

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

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

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Income tax

The company is not subject to income taxes in the jurisdiction in which it operates.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Other Income

	2020	2019
	\$	\$
Government grants	2,168,427	3,152,500
Interest	26,212	5,981
Industry Contributions	570,256	-
	<u>2,764,895</u>	<u>3,158,481</u>
	<u>2,764,895</u>	<u>3,158,481</u>

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 4. Expenses

	2020 \$	2019 \$
Surplus before income tax includes the following specific expenses:		
<i>Rental expense relating to operating leases</i>		
Total rental expense relating to operating leases	65,310	15,168
<i>Superannuation expense</i>		
Defined contribution superannuation expense	56,374	22,974
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	10,855	-

Note 5. Current assets - cash and cash equivalents

	2020 \$	2019 \$
Cash at bank	1,441,536	515,764
Cash on term deposit	1,508,009	2,250,000
	<u>2,949,546</u>	<u>2,765,764</u>

Note 6. Current assets – trade and other receivables

	2020 \$	2019 \$
Trade receivables	421,032	-
Less: Allowance for expected credit losses	-	-
	<u>421,032</u>	<u>-</u>

Note 7. Current assets - other

	2020 \$	2019 \$
Accrued revenue	681	2,688
Prepayments	48,139	4,799
Debit card	-	492
Security deposits	10,110	-
	<u>58,930</u>	<u>7,979</u>

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 8. Non-current assets - plant and equipment

	2020 \$	2019 \$
Office equipment – at cost	179	-
Less: Accumulated depreciation	(43)	-
	<u>136</u>	<u>-</u>
Computer equipment - at cost	15,569	6,697
Less: Accumulated depreciation	(3,291)	(284)
	<u>12,278</u>	<u>6,413</u>
	<u><u>12,414</u></u>	<u><u>6,413</u></u>

Reconciliations

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

	Office equipment \$	Computer equipment \$	Total \$
Balance at 1 July 2019	-	6,413	6,413
Additions	179	8,872	9,051
Depreciation expense	(43)	(3,007)	(3,050)
Balance at 30 June 2020	<u>136</u>	<u>12,278</u>	<u>12,414</u>

Note 9. Non-current assets – right-of-use assets

	2020 \$	2019 \$
Buildings – right-of-use	87,693	-
Less: Accumulated depreciation	-	-
	<u>87,693</u>	<u>-</u>

The company leases its offices under a 13 month agreement. On renewal, the terms of the lease are renegotiated.

Note 10. Non-current assets – intangibles

	2020 \$	2019 \$
Control & Traceability Project	545	-
Conformance System Project	404,123	-
	<u>404,668</u>	<u>-</u>

Reconciliations

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

	Control & Traceability \$	Conform- ance System \$	Total \$
Balance at 1 July 2019	-	-	-
Additions	545	404,123	404,668
Depreciation expense	-	-	-
Balance at 30 June 2020	<u>545</u>	<u>404,123</u>	<u>404,668</u>

At the end of the current financial year intangible assets relate to costs for projects that are not yet ready for use.

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 11. Current liabilities - trade and other payables

	2020 \$	2019 \$
Trade payables	57,946	98,906
Accrued expenses	28,739	16,588
Credit cards	4,374	8,753
	<u>91,059</u>	<u>124,247</u>

Note 12. Current liabilities - lease liabilities

	2020 \$	2019 \$
Lease liability	<u>87,693</u>	<u>-</u>

Note 13. Current liabilities - employee benefit provision

	2020 \$	2019 \$
Employee benefit provision	<u>28,622</u>	<u>10,725</u>

	2020 \$	2019 \$
Note 14. Current liabilities - other		
Fringe benefits tax	-	1,363
Payroll clearing	28,576	23,952
GST	<u>41,923</u>	<u>(11,268)</u>
	<u>70,499</u>	<u>14,047</u>

Note 15. Equity - retained surpluses

	2020 \$	2019 \$
Retained surpluses at the beginning of the period	2,631,137	-
Surpluses after income tax expense for the period	<u>1,025,273</u>	<u>2,631,137</u>
Retained surpluses at the end of the period	<u>3,656,410</u>	<u>2,631,137</u>

Note 16. Key management personnel disclosures

Compensation

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

	2020 \$	2019 \$
Aggregate compensation	<u>434,443</u>	<u>252,627</u>

Note 17. Contingent liabilities

During the period there were no matters of a contingent nature and as such a provision has not been provided within these financial statements.

AniMark Ltd
Notes to the financial statements
30 June 2020

Note 18. Commitments	2020	2019
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	5,055
One to five years	-	-
More than five years	-	-
	<u>-</u>	<u>5,055</u>

Operating lease commitments are contracted amounts for offices under non-cancellable operating leases expiring within one years with an option to extend. The lease has various escalation clauses. On renewal, the terms of the lease are renegotiated.

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Intangible assets	<u>91,254</u>	<u>-</u>
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Note 19. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

There were no transactions that occurred with related parties.

Note 20. Events after the reporting period

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

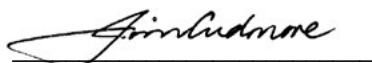
AniMark Ltd
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



James Cudmore
Director

19 August 2020
Brisbane



Independent Auditor's Report to the Members of AniMark Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AniMark Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii) 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 Company in accordance with 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information comprises the information in AniMark Limited's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

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Directors' responsibility 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our auditor's report.



Nexia Sydney Audit Pty Ltd



Mark Boyle
Director

Dated: 19 August 2020





IMAGES COURTESY OF THE LIVESTOCK COLLECTIVE:
front cover, page 2 (cattle), page 8, page 14 and page 39.



AniMark has been established to implement the Livestock Global Assurance Program, with the support of the Australian Government.

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