

AniMark[®]



Annual Report

2022/23



Chairs Report

Key Points

1. AniMark is working to schedule and ready to commence implementation of the Stage 3 LGAP program Implementation from 1 January 2024,
2. We have a positive working relationship with the Department as our operations incrementally commence and then mature,
3. Support from Industry key bodies is strong and continuing and we will rely on this,
4. Support from Exporters is positive and we will continue to build this,
5. The path to implement our model is financially stringent and we will need to manage this closely and rely on our stakeholder working relationships and support. **Final unconditional commitment from sufficient exporters will be necessary to ensure our financial resources and capability are sufficient to proceed with the program beyond 31 December 2023. This will ultimately be decided on at AniMark’s 2023 Annual General Meeting.**

On behalf of my fellow AniMark Board members and myself, I am pleased to present this Annual Report for AniMark for the financial year to 30 June 2023. The year has been one with a number of key achievements for AniMark as we work together with industry to provide AniMark services in accordance with the **LGAP Implementation Plan** (“the Plan”), under a funding agreement with the Department of Agriculture, Fisheries and Forestry (“the department”). The Plan was developed in late 2021 in consultation with Industry to rollout the AniMark ESCAS Assurance Program (LGAP) in a controlled and sustainable manner and demonstrate the live export industries commitment to it. It has formed the guiding scope and action steps for AniMark’s activities during the year. We can confirm that this is tracking well and we are ready to complete the final component of Stage 2 to schedule in the second half of the 2023 calendar year.

In-market activity

During the year, the team worked with a number of exporters to deliver the **Stage 1 and 2 - Allocation of ESCAS Audits** of facilities for exporters to Indonesia. This involved successfully co-ordinating audits and reviewing audit reports for over 230 facilities and meticulously reviewed over 620 checklists to ensure strict compliance with ESCAS requirements and guidelines. AniMark has contracts and works with 3 in-market auditing providers.

The team continue to build a strong reputation and relationships through work with Forum AWO and exporters’ in-market teams in Indonesia to implement a simple facility identification system and installation of unique identification plaques at all facilities as an important step. Our program staff have attended in-market and facilitated a number of well received training and development sessions with auditors and in-market industry stakeholders in auditing best practice, ESCAS reporting requirements and the AniMark Program.

Stage 1.5 of the LGAP Implementation Plan – Review of LGAP Standards and Rules has involved working with all stakeholders to conduct a post-implementation review of the previous LGAP Standards and Rules to work with the department and industry stakeholders to ensure that they are simple, less complex, more easily understood and practical to implement. This program of work was successfully completed with the valuable assistance of Simon Winter Agricultural Consulting to incorporate appropriate valuable feedback and suggestions from exporters, state-based exporter associations and the AniMark Standards Committee. Following a very rigorous and considered process, a variation to AniMark’s Export Supply Chain Assurance Operator (ESCAO) Approved Arrangement was lodged with the department to ensure equivalency with ESCAS.

We are pleased to advise that this variation was recently approved by the department and the new enhanced [LGAP Standards and Rules V3.5](#) are now available on the AniMark Website. They will form the basis of the **Stage 3 - LGAP Transition** to implement the program to commence from 1 January 2024 in line with the Plan.

AniMark continues to enjoy the confidence and support of the department and a good working relationship with their Live Animal Export Branch team. The AniMark team continues to engage with the department as required and on a regular basis.

This has included formal submissions on:

- **The ESCAS review** including detailed have-your-say submissions and key stakeholder facilitated feedback sessions,
- **Phase-out of live sheep exports by sea** in May 2023 – formal have-your-say submission.

AniMark has also lodged the following relevant LGAP program related submissions with the department, which remain outstanding at the time of writing this report:

- **Provisional Certification Approved Arrangement variation:** In this variation lodged in June 2023, AniMark seeks to make slight changes to the definition of *LGAP provisional certification*, slight changes to the application and evaluation process to allow for provisional certification to be accommodated and developed Standard Operating Procedures to provide clarity. The changes assist to streamline and accelerate the adoption of the LGAP program to realise the many benefits as soon as possible and will be fundamental to the efficient and timely implementation and acceptance of the program.
- **ESCAO Operational Guidelines Document:** This Draft Guidelines Document submitted for consideration by the department in July 2023, brings together all of the various work programs regarding the roles of the department, AniMark and exporters under full implementation of the LGAP program, into a single, public policy document. This for the department to consider adopting and publishing this policy (or similar) as soon as possible for the clarity and understanding by all participants to the program.

2023 Financial result and 2024 forecast

Included in the Annual Report, are the financial statements for the year ended 30 June 2023. This shows net expenditure of \$1.346M, shown in accounting terms as a loss for this transformative year for AniMark as we have worked to continue to build a strong and sustainable business foundation and valued commercial proposition of trust to support the Live export industry in Australia's world leading live export animal welfare obligations. The result included once off costs in delivering to schedule stages 1 and 2 of the Plan and utilising grant funds received from the department in previous financial years.

With a key focus of costs efficiency and value for money, we have implemented a series of costs saving, financial efficiency and commercial measures which have resulted in AniMark extending its cash flow beyond that initially intended under the existing extension to the funding agreement with the department which had an agreement end date of 31 December 2023. The forecast for the new 2024 financial year is also predicated on AniMark rolling out its AniMark ESCAS Assurance Program (LGAP) commercial offering to exporters on schedule during the coming year. The commercial success of the program is fundamentally dependant on a buoyant live export market into the future and appropriate scale being created via significant necessary commitment to the program by exporters.

AniMark Grant Agreement Extension

As a consequence of the above and based on the revised financial reforecasts, AniMark has lodged a funding extension request to the department to extend the funding agreement to utilise remaining grant funds for a further 12 months of activity until 30 June 2024 with an agreement end deferred until 31 December 2024. At that time it is expected that the remaining grant funds will be completely expended and AniMark will be fully dependant on sustainable commercial funding going forward. This extension will assist AniMark with its financial requirements as we transition into Stage 3 of the Plan from 1 January 2024. The extension request has the support of the department but at the date of this report we have not received confirmation of its acceptance.

Phase of out of live Export of sheep by Sea

The Federal Government's proposal to phase out the live export of sheep by sea will have a significant impact on the AniMark ESCAS Assurance Program. The initial scope of the program was to provide ESCAS assurance across all livestock categories including cattle, sheep, goats and buffalo. Given market uncertainty around the long-term plans for this proposed phaseout, we have been unable to obtain commitments to participate from sheep exporters. With export sheep volumes being greater than half of the market by volume, this has created significant challenges to the AniMark business commercial model and a large impact on our proposed commercial pricing.

AniMark going forward and Stage 3 – LGAP Transition from 1 January 2024

We have commenced planning and industry engagement to prepare for the rollout of the LGAP program on a commercial basis from 1 January 2024 as scheduled in the Plan. To date we have received conditional commitment to proceed with provisional certification under the LGAP program from at least 5 large exporters. This represents a substantial proportion of the live cattle export market based on available historic trade data. I thank those exporters who have shown faith in our independent and objective, but outcomes focused approach to delivering ESCAS Assurance.

As an independent not-for-profit business, AniMark's long term financial business model is reliant on its capacity to pass through its costs via a per head charge (price) and other fees, to exporter users of the program. The size of this export market (volumes) and the proportion of exporters utilising AniMark's services (take-up) ultimately define the final price set so as to recover these costs.

Whilst this commitment level from exporters is significant and presents a positive basis to progress the Plan in the new year, there still remains some uncertainty around the financial viability of the program going forward and as a consequence, AniMark's long term financial sustainability is contingent on industry take-up and support from Government and Peak bodies (refer further to the note disclosures in the audited financial statements included in the Annual Report).

This will be largely dependent on determination of the remaining necessary conditions precedent to be determined in the period leading up to this year's Annual General Meeting in October. These will ultimately determine formal unconditional commitment by exporters and whether AniMark can progress forward from 1 January 2024 on a long term financially and commercially viable self-sustainable manner without any government grant or other substantial funding support. These preconditions include significantly reduced pricing of the LGAP program from the current proposed LGAP participation pricing and clarification of benefits incorporating:

- Further operating efficiencies of AniMark resulting in ongoing program cost savings;
- Some initial limited industry subsidization of the program for early adopter exporters to reduce duplicated ESCAS costs during the initial provisional certification phase,
- Enhanced Departmental fee structure that differentiates between exporters that operate under the AniMark ESCAS Assurance Program and those that don't;
- Clarity of functions for AniMark, the department and LGAP participants (including management of in-market non-compliance framework); and
- The Department's prevailing review of ESCAS doesn't result in a materially different ESCAS administration framework.

2023 Annual General Meeting

Final unconditional commitment from sufficient exporters will be necessary to ensure our financial resources and capability are sufficient to proceed with the program beyond 31 December 2023. This will ultimately be decided on at AniMark's 2023 Annual General Meeting.

Based on these considerations, the Board will assess just prior to the AGM, considering its fiduciary and governance responsibilities to ensure that all AniMark stakeholders' interests are properly met and the crucial decision to continue AniMark's business (the AniMark ESCAS Assurance Program – LGAP) beyond 31 December 2023 is made.

This pivotal point for AniMark's and the AniMark ESCAS Assurance Program (LGAP) will include, at the AGM, a recommendation from the AniMark Board to its founding members, to continue AniMark and the program or not.

The success of AniMark has always been dependent on both industry and the government's strong support, so we are very grateful of the ongoing commitment provided by all parties to date. Thanks go to our Founding Members ALEC, LiveCorp, Cattle Australia, Sheep Producers Australia, Goat industry Council of Australia as well as Meat and Livestock Australia, exporters and the department for their assistance and ongoing support. We are also very appreciative of our management team Chief Executive Officer Steve Barnard, and Program Co-ordinator Magda Maziarz, along with consultants Peter Barnard, Simon Winter, Patrick Coole and Rino Puradireja (in-market) who have all been instrumental in contributing to successfully progressing the Plan.

Thanks also to my fellow Board members Katie Payten and Terry Enright for your insightful contributions and fiduciary diligence during the year. I can inform you the Board remains professional and focused on AniMark's important work. For the future, Terry Enright continues in the mid-term of his directorship and both Katie and I are standing for re-election to the Board at this AGM at this pivotal point for the Company. As at the closing date, no other nominations had been received.

Subject to the decision made at the AGM, the focus for the next 12 months is currently planned to continue to build a strong and sustainable business foundation and valued commercial proposition of trust to support the Live export industry as we look to deliver the Stage 3 of the LGAP Implementation plan – LGAP transition. AniMark’s foundations of ***independence, integrity and transparency*** will continue to underpin AniMark in our operations and everything that we do.

We look forward to working with our founding members and key industry stakeholders in the coming year in achieving our shared goals for AniMark and the live export sector.

On behalf of the Board, I wish to commend the Live Export Industry and Exporters for their support of the Program. We remain firmly of the view this will allow for ongoing professionalisation in the industry, enhanced financial viability for the red meat sector, and continually improving animal welfare practices and outcomes, both in Australia and overseas.



Peter Wells
Chair

Financial Statements

AniMark Limited
For the year ended 30 June 2023

Prepared by Elements Advisory Group

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Director's Report

AniMark Limited For the year ended 30 June 2023

Director's report

The directors present their report, together with the financial statements of AniMark Limited for the period ended 30 June 2023.

Company information

Date of incorporation: 27 June 2018
Country of incorporation: Australia
ACN: 627 096 691
ABN: 28 627 096 691

Registered office address:
Elements Advisory Group
Level 3, 2 Gardner Close
Milton
QLD 4064

Principal place of business:
Level 2, Corporate House
50 McDougall Street
Milton
QLD 4064

Directors and key management personnel

Directors

The following people were the directors of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Peter Wells

Kathryn Paten

Terence Enright

Company Secretary

The following person was the secretary of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Stephen Barnard - appointed 08 August 2022

Information on directors

Name: **Peter Wells**

Title: Non-Executive Director

Qualifications: BSc MScMed GAICD

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 Landuse 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: Chairman 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 Head of Digital – Cyber Security and Technology Risk at Woolworths Group, Ms Payten is responsible for the cyber security strategy and delivery for online customer systems. Kathryn has extensive experience in IT corporate governance, the successful delivery of technology projects, and continuous improvement to drive business value and customer outcomes.

Special responsibilities: Member of the Rules & Integrity Committee

Name: **Terence Enright**

Title: Non-Executive Director

Qualifications: GAICD Hon Doctorate Science in Agriculture

Experience and expertise: Terry has been a livestock producer of sheep and cattle for 40 years in WA specialising in the production of sheep for live export and experience in all aspects of production, welfare, export, and husbandry. As Chair of LiveCorp from 2017-2019 and a director from 2010, Terry was closely involved in establishing AniMark and clearly understands the objectives of LGAP.

Special responsibilities: Member of the Rules & Integrity Committee

Meeting of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year to 30 June 2023, and the number of meetings attended by each director were:

	Full Board		
	Attended	Held	
Peter Wells	10	11	
Terence Enright	11	11	
Kathryn Payten	11	11	

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

Key company activities

Principal activities

During the financial year, the principal activity of the company has been the ongoing establishment of systems and frameworks for and the provision of auditing and certification and related services for the AniMark ESCAS Assurance Program (LGAP).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

No other matter or circumstance has arisen since 30 June 2023 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 periods.

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 2023 the company continued to receive approval as a provider of Exporter Supply Chain Assurance Operations (ESCAO). Its future success will be determined by industry take up of LGAP and the ongoing implementation of a supportive policy environment by the Australian Government.

Environmental regulation

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

Financial Information

Review of operations

The operating profit / (loss) for the company amounted to (\$1,346,096).

The prior periods operating profit / (loss) for the company amounted to (\$880,408).

The company continues to engage with industry and work on refining LGAP to meet their current requirements. Ensuring that LGAP remains relevant, effective and aligned with the regulatory framework is an ongoing responsibility and activity.

Contributions on winding up

In the event of the company being wound up, each Member undertakes to contribute an amount not exceeding \$100 to the property of the Company if the Company is wound up at a time when that person is a Member, or within one year of the time that person ceased to be a Member.

Indemnity and proceedings

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 period, the company paid a premium in respect of a contract to insure the directors and 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.

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.

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.

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.



Director: _____
Peter Wells

Date: 01 September 2023

To the Board of Directors of AniMark Limited

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

As audit director for the audit of the financial statements of AniMark Limited for the financial period ended 30 June 2023, 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



Nexia Sydney Audit Pty Ltd



Mark Boyle

Director

Sydney

Dated: 1 September 2023

Statement Of Profit Or Loss & Other Comprehensive Income

AniMark Limited
For the year ended 30 June 2023

	NOTES	2023	2022
Income			
Sales Revenue	2	174,813	-
Gross Profit		174,813	-
Other Income			
Finance Income	3	29,580	4,858
Other Income	4	65	15,875
Total Other Income		29,646	20,733
Expenses			
Other Expenses	5	(1,550,555)	(901,141)
Total Expenses		(1,550,555)	(901,141)
Loss Before Income Tax		(1,346,097)	(880,408)
Loss For The Period		(1,346,097)	(880,408)
Total Comprehensive Income For The Period		(1,346,097)	(880,408)

Statement of Cash Flows

Animark Limited For the year ended 30 June 2023

	2023	2022
Cash Flows From Operating Activities		
Payments To Suppliers & Employees	(1,168,023)	(972,968)
GST	41,126	26,675
Interest Received	6,123	4,694
Proceeds from Industry Contributions	220	17,059
Net Cash Flows from Operating Activities	(1,120,555)	(924,541)
Cash Flows From Investing Activities		
Proceeds From Sales Of Property, Plant & Equipment	-	3,006
Payment For Property, Plant & Equipment	(5,271)	(36,040)
Other Cash Items From Investing Activities	(5,280)	8,350
Net Cash Flows from Investing Activities	(10,551)	(24,684)
Net Cash Flows	(1,131,106)	(949,224)
Cash & Cash Equivalents		
Cash and cash equivalents at beginning of period	2,211,495	3,160,720
Net Change In Cash For The Period	(1,131,106)	(949,224)
Cash and cash equivalents at end of period	1,080,390	2,211,495

Statement of Changes In Equity

AniMark Limited
For the year ended 30 June 2023

	RETAINED EARNINGS	CURRENT YEAR EARNINGS	TOTAL
<u>Statement Of Changes In Equity</u>			
Prior Year			
Opening Balance	3,623,450		
Net Loss		(880,408)	
Other Comprehensive Income			
Total Prior Year	3,623,450	(880,408)	2,743,042
Current Year			
Opening Balance	2,743,042		
Net Loss		(1,346,096)	
Other Comprehensive Income			
Total Prior Year	2,743,042	(1,346,096)	1,396,946

Statement Of Financial Position

AniMark Limited As at 30 June 2023

	NOTES	30 JUN 2023	30 JUN 2022
Assets			
Current Assets			
Cash & Cash Equivalents	6	1,080,390	2,211,495
Current Tax Assets	10	4,828	1,546
Other Assets	7	279,688	77,929
Total Current Assets		1,364,906	2,290,970
Non-Current Assets			
Intangible Assets	8	241,920	483,841
Property, Plant & Equipment	9	5,160	2,468
Total Non-Current Assets		247,081	486,308
Total Assets		1,611,986	2,777,279
Liabilities			
Current Liabilities			
Other Liabilities	11	9,755	8,182
Provisions	13	26,108	2,600
Trade & Other Payables	12	179,178	23,454
Total Current Liabilities		215,041	34,236
Total Liabilities		215,041	34,236
Net Assets		1,396,945	2,743,042
Equity			
Retained Profit	14	1,396,945	2,743,042

Notes to the Financial Statements

AniMark Limited For the year ended 30 June 2023

1. Statement of Significant Accounting Policies

The financial report includes the financial statements and notes of AniMark Limited.

The financial statements were authorised for issue on 01 September 2023 by the directors of the Company.

Presentation Currency

All amounts in these financial statements are presented in Australian Dollars.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a not for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in

the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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.

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.

Change In Accounting Policy

The directors declare that there have been no other changes to any accounting policies for the period ended 30 June 2023.

Critical Accounting Estimates and Judgements

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

The directors has determined that there are no significant risks causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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.

Comparative Figures

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

Going Concern

The financial statements have been prepared on a going concern basis to progress the Livestock Global Assurance Program in accordance with AniMark's LGAP Implementation Plan and will involve AniMark transitioning from its existing grant funded basis into a commercially funded business model during the next 12 months.

The directors have taken into account all available information about the future, which is at least, but is not limited to, twelve months from 30 June 2023.

When the directors are aware, in making the assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the directors shall disclose those uncertainties.

The Company had cash and cash equivalents of \$1,080,390 as at 30 June 2023 (2022: \$2,211,495).

The Company executed a Deed of Variation with the Australian Government, Department of Agriculture, Fisheries and Forestry in relation to the Livestock Global Assurance Program on 24 May 2022 that extended the Funding Agreement End date to 31 December 2023. Subsequent to that execution, AniMark has lodged a further variation request to extend this agreement date until an Activity End Date of 30 June 2024 and Agreement End Date of 31 December 2024.

Whilst the Board approved cashflow forecast indicates the ability to maintain sufficient cash resources for the next 12-24 months, there is a risk that the further extension of the current grant agreement will not be granted, and the Company may be required to repay unspent funds. In the event the agreement is not extended, or other alternative and commercial sources of funding are not sourced, the Company would not be able to continue as a going concern.

Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. "Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information

is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Current / Non-Current Distinction

Assets have been classified as current when the directors: Expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle; Holds the asset primarily for the purpose of trading; Expects to realise the asset within twelve months after the reporting date; or The asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities have been classified as current when the directors: Expects to settle the liability in the entity's normal operating cycle; Holds the liability primarily for the purpose of trading; Confirms the liability is due to be settled within twelve months after the reporting date; or Does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

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.

Classification Of Expenses

For the period ended 30 June 2023 the directors present the expenses based on the nature or function of these expenses, as this classification was deemed as more reliable and more relevant.

Events After The Reporting Period

No other matter or circumstance has arisen since 30 June 2023 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 period.

	2023	2022
2. Sales Revenue		
ESCAS Audit Fees Revenue	174,813	-
Total Sales Revenue	174,813	-

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.

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

Revenue is recorded on an accruals basis, at the agreed stage or time in each customer contract.

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.

	2023	2022
3. Finance Income		
Interest Income	29,580	4,858
Total Finance Income	29,580	4,858

Finance Income

Interest income

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.

	2023	2022
4. Other Income		
Other Revenue	200	15,508
Profit on disposal of assets	(135)	367
Total Other Income	65	15,875

Other Income

Government 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.

Other revenue

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

Asset disposal income

Income is recognised on the date the contract of sale for the asset.

	2023	2022
5. Other Expenses		
Employee benefits expense	375,720	287,804
ESCAS audit fees	151,147	-
General & administrative expense	739,233	319,432
Governance expense	124,820	133,185
Conformance System expense	159,637	160,720
Total Other Expenses	1,550,555	901,141

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.

	2023	2022
6. Cash & Cash Equivalents		
AniMark Limited	380,390	453,486
Term Deposit #0013 - 9M Matures 9 December 23	350,000	-
Term Deposit #1629 - 6M Matures 19 Dec 22	-	500,000
Term Deposit #7443 - 6M Matures 8 Sep 23	350,000	1,258,009
Total Cash & Cash Equivalents	1,080,390	2,211,495

Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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.

	2023	2022
7. Other Assets		
Current		
ESCAS Audit Fees Passthrough costs Receivable from Exporters	174,813	-
Prepayments	92,534	74,759
Other Debtors	5,301	1,411
Security Deposits	7,040	1,760
Total Current	279,688	77,929
Total Other Assets	279,688	77,929

2023 2022

8. Intangible Assets

Other Intangibles		
Intangibles	1,234,275	1,234,275
Intangibles - Accum Amort	(992,355)	(750,434)
Total Other Intangibles	241,920	483,841
Total Intangible Assets	241,920	483,841
Intangibles Assets Reconciliation:		
Control & Traceability Project	144,157	152,280
Training Material Project	21,624	43,247
Conformance System Project	76,139	288,314
Total Intangible Assets	241,920	483,841

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.

2023 2022

9. Property Plant & Equipment

Other Fixed Assets		
Computer Equipment - Accum Depn	(9,011)	(8,653)
Computer Equipment - Cost	14,171	11,121
Total Other Fixed Assets	5,160	2,468
Total Property Plant & Equipment	5,160	2,468

Property, Plant & Equipment

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. 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 (refer to Note 1 for details of impairment).

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. 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 company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the company 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. Depreciation is recognised in profit or loss.

The expected useful life for the following depreciable asset is as follows:

1. Computer and Office Equipment - 3 years

Or, as per the depreciation schedule.

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 included in profit or loss in the period in which they arise. 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 company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

2023 2022

10. Current Tax Liabilities

GST	(4,828)	(1,546)
Total Current Tax Liabilities	(4,828)	(1,546)

Current Tax Liabilities

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 Taxation Office (ATO). 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 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.

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

2023 2022

11. Other Liabilities

	2023	2022
Current		
PAYG Withholdings Payable	9,755	8,182
Total Current	9,755	8,182
Total Other Liabilities	9,755	8,182
	2023	2022

12. Trade & Other Payables

Accounts Payable	1,346	7,570
Accrued Creditor Expenses	19,820	12,500
Credit Cards	6,865	3,384
ESCAS Audit Fees payable	151,147	-
Total Trade & Other Payables	179,178	23,454

Trade And Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period 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.

	2023	2022
13. Provisions		
Current		
Annual Leave Accrual	26,108	2,600
Total Current	26,108	2,600
Total Provisions	26,108	2,600

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 benefit provision

Short-term employee benefits

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.

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. 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.

Contingent liabilities

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

Related party transactions

There were no transactions that occurred with related parties.

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:

	2023 (\$)	2022 (\$)
Aggregate compensation	304,872	213,498

Commitments

	2023 (\$)	2022 (\$)
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	16,000	16,000
One to five years	-	-
More than five years	-	-

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

Other Commitments

	2023 (\$)	2022 (\$)
<i>Software licenses</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	242,455	169,337
One to five years	623,489	801,911
Total	865,943	971,248

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd the auditor of the company:

		2023 (\$)	2022 (\$)
Audit Services – Nexia Sydney Audit Pty Ltd			
Audit of financial statements		13,250	12,500

2023 2022

14. Retained Profit / Accumulated Losses

Current & Retained Earnings

Current Year Earnings	(1,346,097)	(880,408)
Retained Earnings	2,743,042	3,623,450
Total Current & Retained Earnings	1,396,945	2,743,042
Total Retained Profit / Accumulated Losses	1,396,945	2,743,042

Directors' Declaration

AniMark Limited

For the year ended 30 June 2023

Directors' declaration 30 June 2023.

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, 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 2023 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 the director made pursuant to section 295(5)(a) of the Corporations Act 2001.



Director: _____
Peter Wells

Date: 01 September 2023

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 2023, 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 2023 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Simplified Disclosures 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Company may be required to repay unspent Government grants if a further extension of the agreement can't be reached within the next 12 months. As stated in Note 1, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2023, 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.

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 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_responsibilities/ar4.pdf. This description forms part of our auditor's report.

**Nexia Sydney Audit Pty Ltd****Mark Boyle**
Director

Dated: 1 September 2023