Apiam Animal Health Limited

ASX: AHX

APPENDIX 4E

PRELIMINARY FINAL REPORT

COMPANY DETAILS

Name of entity:	Apiam Animal Health Limited
ACN:	604 961 024
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory Results Summary

		CHANGES FROM PERIOD ENDED 30 JUNE				
				2021		2020
		%		$m		$m
Revenue from ordinary activities	up	**7**	To	**126.2**	from	**118.4**
Net profit attributable to members	up	**24**	To	**5.1**	from	**4.1**
Profit from ordinary activities after tax attributable to members	up	**24**	To	**5.1**	From	**4.1**
Underlying EBIT (Incl. non-controlling interests)	Up	**6**	to	**8.8**	From	**8.3**

Underlying EBIT (Earnings Before Interest and Tax) is considered by Management to be a useful indicator of business profitability and excludes one-off corporate costs as well as integration and acquisition expenses. Further commentary on the annual results can be found in the 'Operating and Financial Review' section within the Directors' report of the attached Annual Financial Report.

Dividends

	Amount per security cents	**Franked amount per security Cents**
2021 Interim Dividend	1.2 cents	1.2 cents
2021 Final Dividend (declared after balance date but not yet paid)	1.2 cents	1.2 cents
Record date for determining entitlements to the dividend:	17 September 2021	
Date dividend payable:	22 October 2021	

Dividend reinvestment plans

The Company initiated a Dividend Reinvest Plan (**DRP**) on the 25 August 2017 which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. Shareholders electing to participate must nominate by 27 September 2021.

Shareholders who elect to participate in the DRP for the 2021 final dividend will be issued shares at a DRP issue price which will be the average of the daily market price of Apiam's shares over the period of five trading days between 27 September 2021 and 1 October 2021 ('**Pricing Period**'). The timetable in respect of the 2021 final dividend and DRP is as follows:

Event / Action	**Date***
Record Date	17 September 2021
Election Date: Last date for shareholders to make an election to participate in the DRP	5.00 pm (Melbourne time) on 27 September 2021
Pricing Period Commencement Date	27 September 2021
Last Day of Pricing Period	1 October 2021
Announcement of DRP issue price	5 October 2021
Dividend Payment Date / Issue of DRP shares	22 October 2021

**All dates are subject to change*

Details of the DRP can be downloaded from www.apiam.com.au. In order to participate in the DRP for the 2021 final dividend, shareholders should ensure that their DRP Election Form is received, or an online election is made, by no later than 5.00 pm (Melbourne time) on 27 September 2021. An online election can be made by visiting www.boardroomlimited.com.au.

Net Tangible Asset per Security

	2021	2020
Net Tangible assets per share	-$0.11	-$0.14

Return to shareholders

Dividends of $2,850,296 were paid during the period; no share buy backs were conducted during the year.

Basis of Preparation

This report is based on the consolidated financial statements which have been audited by Grant Thornton Audit Pty Ltd. The audit report is included within the Company's Annual Report which accompanies this Appendix 4E.

Entities over which control has been gained or lost during the period:

Refer to Note 32 and 33 of the attached Financial Statements for details of entities over which control has been gained. There were no entities over which control was lost.

Associates and Joint Venture Entities

The Company has no associate companies and 3 joint venture entities.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2021 Annual Report (which includes the Directors' Report) which accompanies this Appendix 4E.

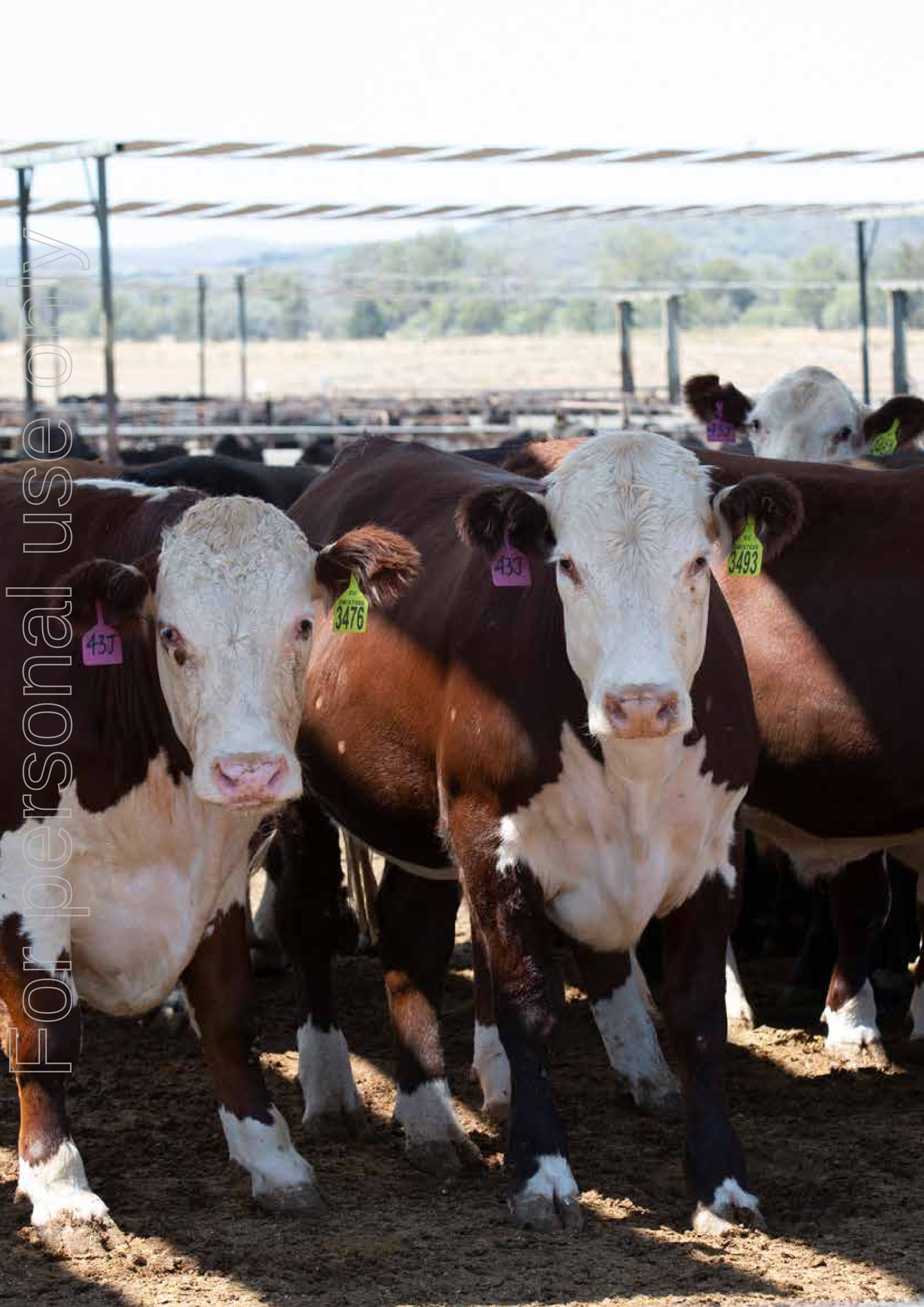
Accounting Standards

This Report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.

2021

Apiam Animal Health

ANNUAL REPORT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Chairman's Message

Dear Shareholder,

In a year unlike any other, Apiam's clear strategic pathway and previous investment in key infrastructure enabled our experienced and dedicated management team to efficiently navigate through the significant disruptions caused by the COVID-19 pandemic and deliver another successful financial year. Apiam recorded overall revenue growth of 6.6% and Net Profit After Tax growth of 24.1% compared to the previous financial year, supported by excellent growth across our dairy and mixed animal clinics, which now contributes 60% of group revenue.

Our beef feedlot and pig segments are cyclical and faced challenges during FY21, such as the reduction in the number of cattle on feed caused by the rebuilding of the national cattle herd. To reduce the impact of lower animal numbers, we have continued to expand our offerings and have invested in the development of products that will leverage Apiam's performance as these industries rebound over the coming months.

As has been widely reported across the media, population rates as well as animal and pet ownership have rapidly accelerated across Australian regional growth corridors. Our Company's on-going focus is to capitalise on this growth in regional veterinary markets, particularly in the fast-growth dairy and mixed animal clinic market.

Over the financial year we announced the acquisition of five regional veterinary practices. Each of the acquisitions brought significant benefits to the Company. As well as increasing our veterinary presence in targeted fast-growth regional hubs, they presented attractive financial propositions for growth. Through this acquisition program, we also more than doubled our South-East Queensland clinic presence, which will be an important growth market for Apiam in the coming years.

We further extended our market position in FY21 with the opening of two new purpose-built greenfield veterinary clinics, located in Shepparton and Torquay North. These locations were carefully chosen by management to capture rapid population growth and animal ownership in the local areas. While greenfield clinics do have a negative earnings impact in their initial year of operating, our prior experience tells us they are highly profitable within two to three years of opening.

Organic growth initiatives also continued to prove successful at delivering business growth. Apiam's ProDairy and Best Mates companion animal program, both devised and implemented in-house last year, have continued to deliver excellent growth outcomes in the current period. Management have recently completed the pilot program for new services designed for the Company's pig industry customers, which will be rolled-out over the next twelve months.

Apiam's staff are our greatest asset, and we maintain a strong focus on improving the wellbeing and professional development of our people. For example, during the year our innovative tele-triage program, designed to reduce the burden of after-hours work for veterinarians, was enhanced; we trained additional mental health first aid officers across many of our locations, and we launched a comprehensive driver training program. Industry leading initiatives were also introduced to support and improve working conditions for our on-farm teams. We continue to navigate through the uncertainty of the COVID-19 pandemic with robust policy and procedures in place to maintain staff and community safety as well as business continuity. Going forward, the wellbeing of our team remains as a top priority.

As a Company we remain well funded, continue to generate strong cash flows and are positioned to continue with our regional expansion initiatives. In April we undertook a successful $6.0M capital raise and welcomed new institutional investors onto our share register as well as received continued support from existing holders. This was our first capital raise since we listed on the ASX in 2015 and it consolidated our position to accelerate many of our recent expansion plans.

In recognition of our strong capital position the Board have declared a final dividend of 1.2 cps, fully franked, bringing the full year dividend to 2.4 cps.

Looking forward, I am confident our experienced and dedicated management team will continue to build on our leading regional veterinary market position and deliver another successful year in FY22.

On behalf of the Board of Directors, I thank our shareholders for their continued support and look forward to updating you on the progress of the Company as we head into a new financial year.

Yours sincerely,

Andrew Vizard

Professor Andrew Vizard

Managing Director's Message

Dear Shareholder,

Apiam has continued to expand and grow the footprint of our business in FY21, while at the same time delivering revenue and profitability growth year-on-year.

Our regional expansion strategy has targeted fast-growing regional veterinary markets, and has been underpinned by strategic acquisitions, the opening of new greenfield clinics as well as other organic business initiatives.

Dairy & mixed animal clinics driving growth

Apiam's reported revenue in FY21 was $126.2 million, an increase of 6.6% on the prior comparable period (PCP). This performance occurred in the face of varying conditions across the animal segments in which we operate, with our dairy & mixed animal clinics being a principal driver of our growth.

In FY21, the Company's dairy & mixed animal clinics delivered 23.7% revenue growth buoyed by the rapid increase in animal ownership in regional and peri-urban growth corridors as well as the easing of drought conditions supporting strong dairy results. Additionally, we recorded strong operating leverage across this business delivering 44.2% EBIT growth. Our regional expansion strategy was executed to increase the Company's market share in these attractive growth segments.

Revenues from the pig and beef feedlot businesses declined 11.4% in FY21, with beef feedlot revenues impacted by reduced cattle numbers available for feedlots due to the rebuilding of the national breeder herd. It has been estimated by Meat & Livestock Australia that the national beef herd through 2020 and the early parts of 2021 has been at its lowest level since the early 1990's. Early signs of recovery were however seen in Q4 FY21 with cattle availability to feedlots beginning to increase[1]. Industry capacity has also continued to increase in anticipation of further growth in FY22 and FY23.

[1] Meat & Livestock Australia, August 2021, National Accredited Feedlot Survey

Revenues from the pig segment continued to reflect changes in our business mix, particularly our strategic transition to new and innovative antimicrobial and vaccine products across the intensive animal spectrum. This has led to reduced wholesale sales of lower-margin traditional products as we transition our business strategy in this area.

During the year we have invested in the development of new vaccines, private label products and other services focused on the intensive animal segments to leverage growth as the industry rebounds.

On a like-for-like basis (excluding acquisitions) our overall Group revenue fell 0.5% compared to the prior financial year, with like-for-like dairy & mixed animal clinic revenue growth of 12.5% offsetting the fall in feedlot and pig revenues.

Apiam have delivered gross profit growth and margin expansion in FY21, as ongoing changes in the Company's business mix and investment in systems delivered results. In FY21 Apiam's gross profit increased 11.2% to $71.1 million (with gross margin of 56.3% vs 54.0% in FY20). Over the past 4-years, our business strategy has consistently delivered gross margin improvements, with gross profit increasing 37.8% since FY18.

We also delivered growth in operating earnings over the financial year with EBIT growth of 11.7% and NPAT growth of 24.1% vs PCP. A strong focus on operating cost control was maintained over the period, with reported cost increases relating to acquisitions and employment costs in areas strategically targeted to generate future revenue streams. The opening of two new greenfield clinics in the second half of FY21 also had a negative impact on Apiam's operating earnings growth, however based on our previous experience these clinics will deliver strong revenue and earnings outcomes for our shareholders within 2-3 years of opening.

Apiam's cash flow and financial position remain strong, with net cash flow from operating activities up 82.5% during the period supported by robust working capital management, and a return to normalised inventory levels following the strategic investment in private-label products and inventory build to mitigate potential supply issues in the prior year. The Company reported an excellent cash conversion to earnings ratio of 117% and significant funding remains available to execute on our growth strategies in the year ahead.

Acquisitions & greenfield clinics in targeted regional locations

Our growth strategy in FY21 has centred around investing in regional expansion and extending our national footprint with a particular focus on our dairy operations and mixed animal veterinary clinics, given the rapid growth in these underlying markets.

In FY21 we successfully executed four business acquisitions, which added 2 new clinics to our network in regional NSW and 4 new clinics in Southern Queensland. This represented a material increase in the scale of our Queensland operations, more than doubling our clinic presence year-on-year. Southern Queensland is an important market in the Company's regional expansion strategy with many areas adjacent to our acquisition locations also being identified as underserviced by veterinarians.

Following the reporting period, we also completed the acquisition of Scenic Rim Veterinary Service and Boonah Animal Hospital (Scenic Rim Vets) which will add a further two clinics to Apiam's Queensland presence, taking our total presence in this state to 10 clinics. This acquisition will also add further equine expertise which we can leverage across the broader client base throughout the region.

Apiam opened two new greenfield clinics during FY21, located in the rapidly growing Victorian regional towns of Shepparton and Torquay North where major housing developments are occurring. While there is a first-year earnings impact as the clinics get established, we expect these clinics to break even within two years of opening and generate strong returns for our shareholders within three-years of operations.

Organic business initiatives

Apiam reported another excellent year of growth in its subscription programs, implemented across the Group in early FY20. ProDairy, our innovative end-to-end service for dairy farmers delivered 108% growth in dairy farm enrolments and it is estimated approximately 11.2% of Australia's dairy cows are enrolled in the program, leaving plenty of room for further market penetration. Opportunities for further expansion into Tasmania and New South Wales have been identified for further action in FY22.

Similarly, Apiam's Best Mates annual subscription animal wellness program reported 76% membership growth this financial year. Apiam estimate that 7.3% of their active client base are Best Mates members and we see increased client conversion to this program as a key goal in the year ahead.

During FY21 we have also developed in-house a novel data system for the pig segment (Data Pig), designed to enhance antimicrobial stewardship, better monitor pig health and improve quality assurance for farmers. A pilot program was completed in Western Australian piggeries in FY21 and we have commenced commercialisation of this platform to the Australian pig industry.

Trials continued during the year in relation to the Zoono Microbe Shield product for which we have the exclusive licence for veterinary and agricultural applications in the USA. The application of Zoono Microbe Shield has been demonstrated after 21 days applied to a surface to provide a significant reduction in the levels of porcine epidemic diarrhoea virus (PEDv) and porcine reproduction and respiratory syndrome virus (PRRSv), which are significant issues in the North American pig industry. This study was undertaken by an independent US university. These results provide the potential for a significant market opportunity, and Apiam has entered into an agreement with a US pharmaceutical company to expand its sales and marketing footprint to the US veterinary market, expected to commence in Q2 of FY22.

Positive outlook

In FY22 management are focussed on continuing to execute the Company's regional expansion strategy, especially in areas where we have identified rapid population growth that are underserviced by vets.

Further acquisitions are expected in the first half of the financial year, and we recently announced that we have acquired or entered into agreements to acquire Golden Plains Group in the fast-growth Greater Geelong region and Harbour City Veterinary Surgery in Gladstone, Queensland. We have also recently opened an additional greenfield clinic in Highton, Geelong (VIC) in July, to capture the significant market opportunity in this peri-urban growth region.

I would like to conclude by thanking our team of dedicated staff for their energy and commitment to delivering on the Company's business and professional development goals, whilst maintaining exceptional levels of service to our clients and their animals.

Yours sincerely,

Dr Chris Richards

Managing Director

Directors' Report

The Directors present their report on the consolidated entity consisting of Apiam Animal Health Limited (Apiam) and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

Professor Andrew Vizard	Non-Executive Chairman
Dr Christopher Richards	Managing Director
Mr Michael van Blommestein	Non-Executive Director
Mr Richard John Dennis	Non-Executive Director
Dr Jan Tennent	Non-Executive Director

INFORMATION ON DIRECTORS

Professor Andrew Vizard

Independent Non-Executive Chairman

BVSc(Hons), MVPM, FAICD

Professor Vizard is a Principal Fellow at the Faculty of Veterinary and Agricultural Sciences, University of Melbourne and previously Associate Professor of Veterinary Epidemiology and Director of The Mackinnon Project, a recognised leader in sheep and beef veterinary consultancy.

An experienced company director, he has previously held directorships in ASX companies, statutory bodies and research organisations including Animal Health Australia, the body responsible for coordinating Australia's animal health system; Primesafe, the statutory authority responsible for regulating the production of safe meat in Victoria; and the Australian Wool Corporation.

He is currently Chair of the Vizard Foundation and Executive Secretary for the Hermon Slade Foundation and the Australia & Pacific Science Foundation.

Interests in Shares and Options

229,366 shares

Dr Christopher Richards

Managing Director

BSc, BVSc, MAICD

Dr Chris Richards is the Managing Director of ASX listed Apiam Animal Health Ltd, as well as the Australian subsidiary entities and joint venture companies, which provide veterinary services to Australian regional and rural communities.

Chris is also a Director of registered charity, Fur Life Foundation Ltd, which raises funds to support people in rural, regional, and remote communities

Chris is also a Director of Apiam Solutions LLC, a JV company based in the USA that provides product solutions to the Northern American production animal industries.

Chris is responsible for the strategic direction of Apiam, which has seen the develop, grow, acquire and integrate production and companion animal veterinary clinics, veterinary wholesale, logistics, laboratory and genetics services businesses since 1998 into the Apiam of today. Chris is a member of Australian Pork Limited's Biosecurity Strategic Review Panel and ASF Advisory Group.

Interests in Shares and Options

31,400,000 shares

165,430 performance rights

Mr Michael van Blommestein

Independent Non-Executive Director

GAICD

Michael was a Vice President and Country Manager of Australia and New Zealand for Zoetis and managed the spin-off of Zoetis from Pfizer Australia.

Michael is an experienced director in the animal health sector. He presided over Animal Medicines Australia, the peak industry body for five years and was a member of the board for nearly a decade. Michael played an integral role in leading and overseeing the transition of Animal Health Alliance into Animal Medicines Australia and has also served on the board of Animal Health Association Japan.

Interests in Shares and Options

108,360 shares

Mr Richard John Dennis

Independent Non-Executive Director

BComm, LLB

Rick held a number of senior roles for over 35 years with Ernst & Young (EY) and was the Managing Partner of EYs Queensland practice on two occasions from 2001-2007 and from 2014-15. Rick also held a number of executive management roles at EY, including Deputy COO and CFO for the Asia-Pacific practice where he was responsible for overseeing the financial and operational integration of EYs Australian and Asian member firms.

Rick is a member of Australian Super's Queensland Advisory Board, a member of the Advisory Boards of EWM Group and HLB Chessboard, and an external member of the Audit & Risk Committee of Racing Queensland. He is also a non-executive director of Open Minds and ASX-listed Motorcycle Holdings Limited and ASX-listed Cettire Limited

Interests in Shares and Options

22,395 shares

Dr Jan Tennent

Independent Non-Executive Director

PhD, BSc (Hons), GCertMgt, FTSE, FASM, GAICD

Jan is a Fellow of the Australian Academy of Technology and Engineering and the Australian Society for Microbiology and, a Principal Fellow at the University of Melbourne.

She is an internationally recognised researcher with specialist knowledge of antimicrobial resistance mechanisms and the discovery and commercialisation of vaccines. Jan has held senior roles at CSIRO, CSL, and Pfizer Animal Health where she was the Director of Business Development and Global Alliances in the APAC region.

Her most recent executive management role was CEO of Biomedical Research Victoria (2012-2019). Jan is also a non-executive director of AusBiotech Limited and eviDent Foundation Limited.

Interests in Shares and Options

57,780 shares

Company Secretary

Eryl Baron (appointed 30 November 2020)
Company Secretary
AGIA

Eryl has 20 years' experience working in the corporate sector as a Company Secretary in a number of industries. She is the appointed Company Secretary to a portfolio of ASX-listed companies across a range of industries.

Eryl is an Associate member of the Governance Institute of Australia. She is experienced in company secretarial and governance management of listed and unlisted companies.

Todd Richards (resigned 30 November 2020)

Todd (BBus, Accounting) is a Certified Practicing Accountant (FCPA) and Company Secretary. His background includes experience in completing IPOs, M&A transactions and capital raising for ASX listed companies. He is Company Secretary for a number of listed and private companies and his corporate secretarial experience in the listed space includes roles in fin-tech, digital media, agri-business, e-commerce and building services.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year and the number of meetings attended by each Director or their alternate were as follows:

Directors	Board Meetings		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	A	**B**	**A**	**B**	**A**	**B**
Andrew Vizard	13	13	5	5	3	3
Chris Richards	13	13	N/A	N/A	N/A	N/A
Michael van Blommestein	13	12	N/A	N/A	3	3
Richard Dennis	13	13	5	5	N/A	N/A
Jan Tennent	13	13	5	5	3	3

Column A denotes the number of meetings the Director was entitled to attend and column B denotes the number of meetings the Director attended.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit & Risk Management Committee and a Remuneration & Nomination Committee of the Board of Directors

Members of the Audit & Risk Management Committee during the period were:

Richard Dennis (Chair)

Andrew Vizard

Jan Tennent

Members of the Remuneration & Nomination Committee during the period were:

Michael van Blommestein (Chair)

Andrew Vizard

Jan Tennent

PRINCIPAL ACTIVITIES

Apiam Animal Health Limited and subsidiaries' ('the Group') principal activities include the provision of veterinary products and services to production animals and companion animals.

There have been no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS

In FY21, Apiam delivered growth in its key financial and operating metrics, and from a strategic perspective pursued its regional expansion plan, targeting the rapid growth in rural and regional veterinary markets.

Apiam reported revenue of $126.2m for FY21, an increase of 6.6% versus FY20, the previous corresponding period (PCP). This result was driven by excellent growth in the Company's dairy and mixed animal segment where revenue increased 23.7% vs PCP. This segment also accounted for 60% of the Company's revenue in FY21 and has been the focus of Apiam's regional expansion in FY21, particularly its acquisition pipeline and greenfields clinic roll-out program. This strategy is discussed in more detail in the section below.

Apiam's pig and beef feedlot revenues fell by 11.4% in FY21 with a reduction in the number of cattle on feed occurring this past year as a result of the rebuilding of the national cattle herd. The Company's revenues from the pig segment continue to reflect strategic changes in the business mix to reduce low margin products as it transitions to alternative technologies to further enhance its antimicrobial stewardship programs.

Group like-for-like revenue, excluding the impact of acquisitions, fell by 0.5% in FY21 reflecting the impact of the trends as outlined above.

The Company continued to deliver sustained gross profit improvement with gross profit of $71.1m in FY21, a 11.2% increase on PCP. This is the second year Apiam has delivered double-digit gross profit growth, and since FY18 gross profit has increased 37.8%. The growing contribution of the dairy & mixed animal clinics have been a key driver of this trend over the past 12-months.

Operating earnings grew on both a reported and underlying basis in FY21, as gross profit growth offset the increased operating expenses associated with the greenfield clinic roll-out program and acquisitions. Operating expense growth (excluding the impact of the acquisitions and greenfield clinic expenses) increased 3.4%, mostly related to increased employment costs to support the strong organic growth in the dairy and mixed segment.

In FY21, Apiam's reported Earnings Before Interest and Tax (EBIT) increased 11.7% and Net Profit After Tax (NPAT) increased 24.1% vs PCP.

The following tables are presented to assist in the interpretation of the underlying performance of Apiam during FY21. This information is additional and provided using non-IFRS information and terminology.

Apiam FY21 Financial Result Summary – Reported

	FY21A	FY20A	Variance	%
Total revenue	126.2	118.3	7.8	6.6%
Gross profit	**71.1**	**63.9**	**7.2**	**11.2%**
Operating expenses	(55.9)	(49.5)	(6.3)	12.8%
One-off expenses	(0.7)	(1.1)	0.3	(32.8)%
EBITDA	**14.5**	**13.3**	**1.2**	**8.6%**
Amortisation ROU assets	(2.5)	(2.4)	(0.1)	4.5%
Depreciation & amortisation	(3.8)	(3.6)	(0.2)	5.3%
EBIT	**8.1**	**7.3**	**0.9**	**11.7%**
Interest	(1.2)	(1.4)	0.2	(14.0)%
Tax	(2.0)	(1.7)	(0.3)	17.2%
Other (including minorities) [1]	0.2	(0.1)	0.2	-
NPAT attributable to members	**5.1**	**4.1**	**1.0**	**24.1%**
Gross margin	56.3%	54.0%		
EBIT margin	6.4%	6.2%		

Notes:
1. Includes a range of partner business activities incl. Sth West Equine JV, Apiam Solutions, PETstock Joint Venture, Portec etc

Apiam FY21 Financial Result Summary – Underlying

	FY21	FY20	Variance	%
Total Revenue	126.2	118.3	7.8	6.6%
Gross Profit	**71.1**	**63.9**	**7.2**	**11.2%**
Operating expenses	(55.9)	(49.5)	(6.3)	12.8%
Underlying EBITDA [1]	**15.2**	**14.4**	**0.8**	**5.6%**
Depreciation & amortisation	(6.4)	(6.1)	(0.3)	5.0%
Underlying EBIT [1]	**8.8**	**8.3**	**0.5**	**6.1%**
Underlying NPAT [1]	**5.6**	**4.8**	**0.7**	**15.4%**

Notes:
1. Underlying earnings exclude one-off corporate, acquisition & integration expenses (tax effected where applicable at NPAT level)

Regional expansion strategy

In FY21, Apiam have executed its regional expansion strategy, designed to capture accelerating growth in regional veterinary markets. Many of Australia's regions have experienced a significant demographic shift over recent years with populations growing rapidly as people migrate from larger cities to regional areas. There has also been the favourable broader trend of increased animal ownership right across Australia, following COVID-19 impacts. Easing of drought conditions has also supported growth in many dairy farms over the past 12 months.

In order to capture this market growth, and expand market share, Apiam implemented its regional expansion strategy and has pursued growth via acquisitions, the roll-out of greenfields clinics as well as organic growth initiatives.

Acquisitions

In FY21 Apiam completed the following four acquisitions:

- Don Crosby Vet Surgeons, NSW, *(1 December 2020)*
- Knox Veterinary Clinic, QLD, (*1 April 2021*)
- Clermont Veterinary Surgery, QLD (*1 June 2021*)
- Samford Valley Veterinary Hospital, QLD (*1 June 2021*)

Following the reporting period, Apiam also completed the acquisition of Scenic Rim Veterinary Hospital, an equine focussed practice in South-East Queensland and the Golden Plains Animal Hospital located in the fast growth Greater Geelong region. Apiam has also announced that it has entered into an agreement to acquire Harbour City Veterinary Surgery at Gladstone (QLD) and Smythesdale Animal Hospital (Vic).

Each of these acquisitions was identified as meeting Apiam's acquisition financial thresholds and strategic criteria. In addition to the market expansion and revenue capture opportunities, Apiam also identified the opportunity to leverage its existing support systems and realise efficiencies between acquired clinics and existing clinics.

Greenfields clinic roll-out

During FY21 Apiam opened two new state-of-the-art greenfields veterinary clinics, under the "Fur Life Vet" brand – at Torquay North (VIC) and Shepparton (VIC). These clinics, while requiring investment in the first year, are expected to reach break-even profit in the second year of opening and full financial maturity during the third year of operations.

The Company chooses greenfield clinic locations carefully, and targets both large regional cities and peri-urban growth locations within a daily commute of a capital city. Other factors taken into account are species mix in the region and the ability to leverage existing Apiam staff, services and infrastructure.

An additional greenfield clinic was opened in Highton (Geelong, VIC) in July 2021 and further clinics are in the planning and building stage, due to open in FY22.

Organic growth initiatives

Apiam continued the successful rollout of its ProDairy and Best Mates companion animal subscription programs in FY21. Both programs were organic initiatives implemented by Apiam's management team in FY20 and both have delivered excellent membership growth in FY21.

Apiam has also recently launched an innovative proprietary data platform designed for its pig customers to enhance antimicrobial stewardship, better monitor pig health as well as improve quality assurance. A pilot program undertaken in WA piggeries has been successfully completed and this is in the early stages of being commercialised across the broader Apiam pig client base.

Balance sheet

Apiam's balance sheet at the end of FY21 remains strong and reflects investment during the year in acquisitions and business expansion.

Net debt as at 30 June 2021 was $37.2 million (up from $35.9 million at 30 June 2020). The cash consideration component for Apiam's acquisitions during the period was $11.7 million and was funded via strong operating cash flow generation and a successful $6 million capital raising undertaken by the Company in April 2021.

Cash flow

Apiam reported operating cashflow in FY21 of $13.7 million, with operating cash flow conversion of earnings of 117%, a result of strong working capital practices and a return to normalised inventory levels following significant product investment in FY20.

Apiam's investing and financing cash flows in FY21 reflect the impact of the four acquisitions settled in FY21, and the capital raise undertaken by the Company in Q4 FY21.

$M	FY21A	FY20A
Net cash provided by operating activities	**13.7**	**7.5**
Acquisition of subsidiary, net of cash	(11.7)	(13.1)
Purchases of property, plant and equipment	(4.7)	(1.6)
Purchases of Intangible assets	(0.2)	(0.3)
Net cash used in investing activities	**(16.6)**	**(15.0)**
Net changes in financing	1.6	12.4
Dividends paid to shareholders	(1.9)	(1.2)
Repayment of lease liabilities	(2.9)	(3.2)
Proceeds from share issue	5.7	0.0
Other	0.1	0.1
Net cash inflow from financing activities	**2.6**	**8.1**
Net change in cash and cash equivalents	**(0.4)**	**0.6**

Dividend

Apiam's Board of Directors have declared a final fully franked interim dividend of 1.2 cents per share (cps), supported by the Company's solid balance sheet and growth in earnings. This takes total dividends in respect of FY21 to 2.4 cps and implies an overall 60% payout ratio of NPAT.

The dividend will be paid on 22 October 2021 and Apiam's Dividend Reinvestment Plan will be maintained.

Outlook

Apiam expect to deliver continued revenue and earnings growth in FY22, as the Company continues to execute its regional expansion strategy via the acquisition of high-performing veterinary businesses and the roll-out of new greenfield clinics in targeted, high-growth areas. Business growth investment will be carefully evaluated against return on capital thresholds.

Management will also focus on the commercialisation of recent investments in new services, technologies and products expected to underpin recovery in intensive animals (feedlot and pigs) as market cycles improve in the coming year.

DIVIDENDS

An interim dividend of $1,450,906 is 1.2c per share and was paid in April 2021. The Apiam Board of Directors have declared the Company's final dividend of 1.2c per share fully franked on the 30 August 2021. The final dividend of $1,604,808 will be paid on the 22 October 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity during the financial period, except as otherwise noted in this Report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Apiam Board of Directors declared the Company's final dividend of 1.2c per share fully franked on 30 August 2021. The final dividend of $1,604,808 will be paid on the 22 October 2021.

The Group acquired two veterinary businesses and entered into agreements for the acquisition of two further veterinary businesses post reporting date. Further details of these acquisitions are disclosed in Note 38 of the Financial Statements.

Apart from these events, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

the entity's operations in future financial years

the results of those operations in future financial years; or

the entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

The Company's strategy is to build on the solid foundation it has established as an integrated animal health business servicing the rural production and companion animal sectors, and ensure we can meet the needs of a market which is experiencing strong growth.

The Company expects to continue to invest through acquisition, new greenfield sites, partnerships and further recruitment of leading expertise to ensure we have the capability required to prosper in the expanding global animal health industry.

KEY RISKS AND BUSINESS CHALLENGES

Apiam Animal Health operates in the Production Animal industry and in particular the pig, feedlot cattle and dairy cattle sectors. Any downturn or disruption in these sectors, particularly if it results in substantial reductions in livestock numbers or production volume, will adversely impact the Company.

Should COVID-19 restrictions result in the extended closure of a material number of veterinary clinics, or if veterinary services and/or agriculture were not deemed essential services, the Groups financial performance may be adversely impacted.

Any recurring or prolonged disruption to the supply of the key products that Apiam Animal Health sells, particularly vaccines, may have an adverse effect on the financial performance of the Company.

No single client or buying group accounts for more than 10% of Apiam Animal Health's FY21 revenue. However, if there is consolidation within Apiam Animal Health's client base, this may lead to a concentration of the Company's client exposure risk and may adversely affect the margins that the Company is able to generate on the sale of its products and services to these client groups.

Apiam Animal Health's business model depends substantially on its senior management team and key personnel to oversee the day-to-day operations and strategic management of the Company. There is a risk that operating and financial performance of the Company would be adversely affected by the loss of one or more key persons.

ENVIRONMENTAL REGULATION

The Managing Director reports to the Board on any environmental and regulatory issues at each Directors meeting, if required. There are no matters that the Board considers need to be reported in this report.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

UNISSUED SHARES UNDER OPTION

There were no unissued ordinary shares of Apiam under option at the date of this report.

SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE OF OPTIONS

During the financial year, the Company did not issue ordinary shares as a result of the exercise of options.

DEEDS OF ACCESS, INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

Access

The Company has entered into deeds of access, indemnity and insurance with each Director which contain rights of access to certain books and records of the Company.

Indemnification

Under the constitution of the Company, the Company is required to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, indemnity and insurance, the Company indemnifies parties against all liabilities to another person that may arise from their position as an officer of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

The company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement. The indemnity requires the Company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Insurance

Under the constitution of the Company, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law and under the deed of access, indemnity and insurance, the Company must maintain insurance cover for each Director for the duration of the access period.

Remuneration Report

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing, and controlling major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" encompasses the senior executives and general managers of the Group.

Details of Key Management Personnel

(I) DIRECTORS

Andrew Vizard

Chairman (Independent Non-executive)

Chris Richards

Managing Director (Executive)

Michael van Blommestein

Director (Independent Non-executive)

Richard Dennis

Director (Independent Non-executive)

Jan Tennent

Director (Independent Non-executive)

(II) EXECUTIVES

Matthew White

Chief Financial Officer

Brian Scutt

Chief Operating Officer

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based remuneration;
- Bonuses included in remuneration;
- Non-executive director remuneration; and
- Other information.

a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Group has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Remuneration and Nomination Committee (the Committee) operates in accordance with its charter as approved by the Board and is responsible for reviewing and recommending compensation arrangements for the Directors and the Executive Team. The Committee has met 3 times in the FY21 reporting period.

The Committee engaged the services of Korn Ferry Hay Group to undertake bench-marking for the executive team remuneration in FY17. The Committee has also engaged Grant Thornton Australia Limited and HRAscent to formulate an equity management plan for key talent and senior vets which was approved in FY17 and implemented in FY18.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary;
- Long term incentives; and
- short term incentives, being bonuses.

The Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team. The company's key financial metrics are as follows:

Item	*2021*	*2020*	*2019*	*2018*	*2017*
EPS (cents)	4.22c	3.63c	3.01c	3.21c	5.00c
Dividends (cents per share)	2.4c	1.6c	1.6c	1.6c	0.8c
Net profit before tax ($'000)	$7,036	$5,956	$4,569	$4,831	$6,315
Share price ($)	$0.96	$0.46	$0.52	$0.75	$0.70

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of Apiam are shown in the table below:

		Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based Payment		
	Year	Salary and fees (i)	Accrued annual leave	Non-monetary benefits	Superannuation	Accrued long service leave)	Performance Rights (ii)	Total	Performance based percentage of remuneration
Directors		$	$	$	$	$	$	$	%
Andrew Vizard Chairman Independent	2021	120,000	-	-	-	-	-	120,000	0%
	2020	120,000	-	-	-	-	-	120,000	0%
Richard Dennis Independent	2021	70,000	-	-	-	-	-	70,000	0%
	2020	70,000	-	-	-	-	-	70,000	0%
Chris Richards Managing Director	2021	360,860	26,860	11,394	21,694	8,902	25,533	455,243	6%
	2020	354,740	9,104	8,307	21,003	8,668	9,451	411,273	2%
Michael van Blommestein Independent	2021	54,795	-	-	5,205	-	-	60,000	0%
	2020	54,795	-	-	5,205	-	-	60,000	0%
Jan Tennent Independent	2021	60,000	-	-	-	-	-	60,000	0%
	2020	60,000	-	-	-	-	-	60,000	0%
Employees									
Matthew White Chief Financial Officer	2021	231,934	3,652	-	21,694	4,608	19,655	281,543	7%
	2020	228,000	6,315	-	21,003	3,011	2,798	261,127	1%
Brian Scutt Chief Operating Officer	2021	233,096	23,460	-	21,108	290	15,738	293,692	5%
	2020	61,923	9,479	-	5,251	39	-	76,692	0%
2021 Total	**2021**	**1,130,685**	**53,972**	**11,394**	**69,701**	**13,800**	**60,926**	**1,340,478**	**5%**
2020 Total	**2020**	**949,458**	**24,898**	**8,307**	**52,462**	**11,718**	**12,249**	**1,059,092**	**1%**

(i) Salary and fees include salaries and allowances.
(ii) Share based payment performance rights are long term incentive performance plans which will lapse if they are not vested within three years of grant date. The performance rights will vest annually over three years upon the Company achieving a minimum of 12% share price growth per year. The amount recognised for the Managing Director, Chief Financial Officer and Chief Operating Officer is the proportion expensed in that year based on the Monte Carlo valuation model.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk – LTI
Executive Directors		
Chris Richards	94%	6%
Other Key Management Personnel		
Matthew White	93%	7%
Brian Scutt	95%	5%

c Service agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Chris Richards	$360,860	Twelve month fixed term	Twelve (12) months
Matthew White	$231,934	No fixed term	Six (6) months
Brian Scutt	$233,096	No fixed term	Three (3) months

Bonus provisions

Chris Richards:	Nil
Matthew White:	Nil
Brian Scutt:	Nil

d Bonuses included in remuneration

There were no short-term incentive cash bonuses awarded or made available as remuneration to each key management personnel during the financial year.

e Long Term Incentive Plan

Remuneration of key management personnel includes performance rights which are offered as part of long term incentive plans. The long term incentive plans run for periods of three years. The performance measures are assessed annually and are based on the share price growth of the company and subject to continued employment.

The annual share price growth requirement is set out below for each financial year during the performance period.

Share Price Growth	% of Performance Rights that may vest
Less than 12%	Nil – Tranche lapses and Performance Rights cancelled
Above 12% but less than 31%	Between 50% and 100%, as determined on a pro-rata, straight line basis
At or above 31%	100% allocation of Tranche

Share Price Growth shall be measured by comparing the Baseline Share Price against the Closing Share Price in each year of the Performance Period. The baseline share price will be calculated by assessing the volume weighted average price (VWAP) of shares for the 30 calendar days following the lodgement of the annual report in the prior financial year. The closing share price shall be calculated by assessing the VWAP of shares for the 30 calendar days following the lodgement of the annual report for the current financial year of the performance period.

The performance rights are allocated equally over a three-year period. The performance rights for each financial year during the performance period will vest subject to meeting the share price growth rate and remaining in continuous employment through to the annual vesting date of 31 October.

Details of the number of performance rights granted are as follows:

Name	Grant Date	Performance Rights granted	FY2020 Tranche	Fair Value	Fair Value per Right	FY2021 Tranche	Fair Value	Fair Value per Right	FY2022 Tranche	Fair Value	Fair Value per Right	FY2023 Tranche	Fair Value	Fair Value per right
Chris Richards	28/11/19	248,144	82,714	$16,411	$0.1984	82,715	$22,338	$0.2701	82,715	$23,873	$0.2886	-	-	-
Matthew White	19/03/20	106,326	35,442	$ 4,021	$0.1135	35,442	$ 8,831	$0.2492	35,442	$ 9,099	$0.2567	-	-	-
Matthew White	06/04/21	67,303	-	-	-	22,434	$14,700	$0.6553	22,434	$ 8,410	$0.3749	22,435	$ 8,305	$0.3702
Brian Scutt	23/10/20	97,510	-	-	-	32,503	$15,193	$0.4674	32,503	$10,359	$0.3187	32,504	$10,612	$0.3265

Each tranche of performance rights which have not vested will expire if the applicable performance measures are not met during the performance period.

The company has chosen share price growth as the performance measure as it believes the fundamental driver for executive remuneration should be long term financial performance that generates value for Apiam shareholders.

f Non-Executive Director remuneration

Clause 13.1(a) of the Company's Constitution (Constitution) provides the limit for the aggregated remuneration of non-executive directors which is currently set at $750,000. The Directors of the Company are entitled to apportion and distribute this aggregate Non-Executive Directors' remuneration as they determine.

The Non-Executive Directors of the Company receive the following fees (which total $310,000):

- Chairman (One): $120,000 per annum;
- Directors (Three): $60,000 per annum, each; and
- Chair of the Audit and Risk Management Committee $10,000 (in addition to the directors fees), such amounts being inclusive of any superannuation payments.

The ASX Listing Rules and Constitution allows the Company to increase the aggregate amount of remuneration payable to Non-Executive Directors of the Company pursuant to Shareholder approval at a general meeting.

g Other information

Options held by key management personnel

There were no options to acquire shares in the Company held during the 2021 reporting period of key management personnel of the Group, including their related parties.

Shares held by key management personnel:

The number of ordinary shares held in the Company at 30 June 2021 held by each of the Groups key management personnel, including their related parties, is set out below.

Personnel	Balance at 1/07/2020	Granted as remuneration	Received on exercise	Other changes	Held as at 30/06/2021
Chris Richards	30,000,000	-	-	1,400,000	31,400,000
Andrew Vizard	221,695	-	-	7,671	229,366
Richard Dennis	21,647	-	-	748	22,395
Michael van Blommestein	104,737	-	-	3,623	108,360
Jan Tennent	36,231	-	-	21,549	57,780
Matthew White	120,735	-	-	3,010	123,745
Brian Scutt	383,224	-	-	230,000	613,224
Total	30,888,269	-	-	1,666,601	32,554,870

None of the shares included in the table above are held nominally by key management personnel

Performance rights held by key management personnel:

The number of performance rights held at 30 June 2021 by each of the Group's key management personnel, including their related parties, is set out below.

Personnel	Balance at 1/07/2020	Granted as remuneration	Vested/ exercised	Forfeited/ lapsed during year	Held as at 30/06/2021
Chris Richards	248,144	-	-	82,714	165,430
Matthew White	106,326	67,303	-	35,442	138,187
Brian Scutt	-	97,510	-	-	97,510
Total	354,470	164,813	-	118,156	401,127

Loans to key management personnel

The Group did not enter into any loans with key management personnel during the 2021 year. The number of key management personnel included in the Group aggregate at year end is Nil. The Group does not have an allowance account for receivables relating to outstanding loans and has not recognised any expense for impaired receivables during reporting period.

Other transactions with key management personnel

The Group rents premises at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. Rental payments in FY21 amounted to $364,514 (2020: $333,600).

The Group rents premises at Rubicon Street, Smithton, Tasmania. The premises are owned by an entity associated with Chris Richards. Rent payments made amounted to $139,725 (2020: $125,232).

The Group leases an artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $116,462 (2020: $105,000).

The Group leases premises at Midland Highway, Lethbridge, Victoria from entities associated with Chris Richards. Lease payments made amounted to $nil (2020: $2,018).

The Group leased premises at Midland Highway, Epsom, Victoria from entities associated with Chris Richards. Lease payments made amounted to $nil (2020: $7,753).

All related party rentals are based on commercial rates and the terms of the lease are standard commercial terms.

End of audited Remuneration Report.

Environmental legislation
Apiam operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnities given to, and insurance premiums paid for, auditors and officers.

Insurance of officers
During the year, Apiam paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Non-audit services
During the year, the Company's auditors performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company and its related practices for audit and non-audit services provided during the year are set out in Note 28 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 29 of this financial report and forms part of this Directors' Report.

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

Apiam is a type of Company referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Instrument.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
30 August 2021

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Auditor's Independence Declaration

To the Directors of Apiam Animal Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Apiam Animal Health Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C S Gangemi
Partner – Audit & Assurance

Melbourne, 30 August 2021

Apiam Animal Health Limited Financial Statements

For the year ended 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $'000	2020 $'000
Revenue	7	126,181	118,335
Other income		23	82
Expenses			
Changes in inventory		(1,624)	6,718
Cost of materials		(53,474)	(61,130)
Costs of consumables and services		(821)	(927)
Employee benefit expenses	28	(43,262)	(37,681)
Acquisition expenses		(167)	(460)
Property expenses		(1,684)	(1,496)
Freight, vehicle and transport expenses		(2,135)	(2,120)
Depreciation and amortisation expense	14,15	(6,336)	(5,961)
Depreciation of biological assets		(24)	(98)
Other operating expenses		(8,544)	(7,983)
Share of profit from equity accounted investments		79	45
Interest on lease liabilities	8	(363)	(388)
Finance costs	8	(813)	(980)
Profit/(loss) before income tax		**7,036**	**5,956**
Income tax (expense)/benefit	9	(2,040)	(1,741)
Profit from continuing operations		**4,996**	**4,215**
Profit for the year		**4,996**	**4,215**
Profit attributable to:			
Owners of Apiam Animal Health Limited		5,082	4,095
Non-controlling interests	25	(86)	120
Total comprehensive income/ (loss) for the period		**4,996**	**4,215**
Earnings per share for profit attributable to the ordinary equity holders of the company:	**Note**	**Cents**	**Cents**
Basic earnings per share	26	4.22	3.63
Diluted earnings per share	26	4.16	3.58

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	10	2,150	2,509
Trade and other receivables	11	13,543	11,868
Tax receivable		-	225
Inventories	12	16,041	17,666
Other current assets	13	1,577	1,096
Total current assets		**33,311**	**33,364**
Non-current assets			
Intangible assets	15	95,077	84,916
Property, plant and equipment	14	24,536	19,805
Biological assets		-	123
Investments		220	140
Deferred tax assets	17	3,487	3,319
Total non-current assets		**123,320**	**108,303**
Total assets		**156,631**	**141,667**
Current liabilities			
Trade and other payables	18	9,748	8,795
Lease liabilities	16	2,911	2,683
Other current liabilities	22	192	4,153
Current tax liabilities	19	1,494	1,300
Borrowings	20	2,818	3,400
Employee benefit obligations	21	7,211	5,865
Total current liabilities		**24,374**	**26,196**
Non-current liabilities			
Borrowings	20	34,887	33,565
Lease liabilities	16	14,426	11,453
Employee benefit obligations	21	338	280
Deferred tax liabilities	17	1,328	1,436
Other liabilities		415	300
Total non-current liabilities		**51,394**	**47,034**
Total liabilities		**75,768**	**73,230**
Net assets		**80,863**	**68,437**
Equity			
Equity attributable to owners of the parent			
Share capital	23	101,010	91,107
Corporate re-organisation reserve	24	(26,692)	(26,692)
Non-controlling interest acquisition reserve	24	(6,615)	(6,615)
Share based payment reserve	24	595	223
Foreign currency translation reserve	24	(79)	(20)
Retained earnings		11,642	9,410
		79,861	67,413
Non-controlling interest	25	1,002	1,024
Total equity		**80,863**	**68,437**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Note	Share capital	Corporate re-organisation reserve	Non-controlling interest acquisition reserve	Share based payment reserve	Foreign Currency Translation Reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2019		86,432	(26,692)	(6,615)	330	-	7,092	60,547	762	61,309
Issue of new share capital	23	770	-	-	-	-	-	770	142	912
Issue of shares to vendors of business acquired	23	3,905	-	-	-	-	-	3,905	-	3,905
Employee share plan		-	-	-	(107)	-	-	(107)	-	(107)
Foreign currency translation adjustment		-	-	-	-	(20)		(20)	-	(20)
Dividends paid		-	-	-	-	-	(1,777)	(1,777)	-	(1,777)
Transactions with owners		**4,675**	**-**	**-**	**(107)**	**(20)**	**(1,777)**	**2,771**	**142**	**2,913**
Profit / (Loss) for the period		-	-	-	-	-	4,095	4,095	120	4,215
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**4,095**	**4,095**	**120**	**4,215**
Balance at 30 June 2020		**91,107**	**(26,692)**	**(6,615)**	**223**	**(20)**	**9,410**	**67,413**	**1,024**	**68,437**
Issue of new share capital	23	853	-	-	-	-	-	853	64	917
Share placement	23	6,000	-	-	-	-	-	6,000	-	6,000
Transaction costs on issue of new share capital	23	(300)	-	-	-	-	-	(300)	-	(300)
Issue of shares to vendors of business acquired	23	2,535	-	-	-	-	-	2,535	-	2,535
Issue of shares on achievement of earnout for prior year acquisition	23	815	-	-	-	-	-	815	-	815
Employee share plan		-	-	-	372	-	-	372	-	372
Foreign currency translation adjustment		-	-	-	-	(59)	-	(59)	-	(59)
Dividends paid		-	-	-	-	-	(2,850)	(2,850)	-	(2,850)
Transactions with owners		**9,903**	**-**	**-**	**372**	**(59)**	**(2,850)**	**7,366**	**64**	**7,430**
Profit / (Loss) for the period		-	-	-	-	-	5,082	5,082	(86)	4,996
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**5,082**	**5,082**	**(86)**	**4,4996**
Balance at 30 June 2021		**101,010**	**(26,692)**	**(6,615)**	**595**	**(79)**	**11,642**	**79,861**	**1,002**	**80,863**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		137,284	133,977
Payments to suppliers and employees		(120,431)	(123,721)
		16,853	**10,256**
Interest paid		(1,153)	(1,347)
Transaction costs relating to acquisition of subsidiary		(167)	(460)
Income taxes paid		(1,844)	(942)
Net cash (outflow)/inflow from operating activities	27	**13,689**	**7,507**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,737)	(1,646)
Purchase of intangible assets		(244)	(340)
Proceeds from disposals of property, plant & equipment		99	82
Acquisition of subsidiaries, net of cash acquired	32	(8,629)	(13,097)
Payment of earnout for prior year acquisitions		(3,110)	-
Net cash (outflow)/inflow from investing activities		**(16,621)**	**(15,001)**
Cash flows from financing activities			
Proceeds from borrowings		10,657	22,583
Repayment of borrowings		(9,011)	(10,171)
Lease payments		(2,894)	(3,242)
Proceeds from issue of share capital		6,000	-
Capital contribution of non-controlling interest		65	142
Transaction costs on issue of share capital		(300)	-
Dividends paid to company shareholders		(1,944)	(1,182)
Net cash (outflow)/inflow from financing activities		**2,573**	**8,130**
Net (decrease)/increase in cash and cash equivalents		**(359)**	**636**
Cash and cash equivalents at the beginning of the year		2,509	1,873
Cash and cash equivalents at end of the year	10	**2,150**	**2,509**

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

Notes to the Consolidated Financial Statements

1 Nature of operations

Apiam Animal Health Limited and subsidiaries' ('the Group') principal activities include the provision of veterinary products and services to production animals, companion animals and equine. The Group is vertically integrated with strategic sourcing of products, custom manufacture of vaccines, in-house laboratory services and on farm delivery with its own logistics service.

There have been no significant changes in the nature of these activities during the year.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Apiam Animal Health Limited is a for-profit entity for the purpose of preparing the financial statements.

Apiam Animal Health Limited is the Group's Ultimate Parent Company. Apiam Animal Health Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and principal place of business is 27-33 Piper Lane, East Bendigo, Victoria 3550.

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

3 Changes in accounting policies

3.1 New Accounting Standards and Interpretations adopted during the year

The amended accounting standards and interpretations issued by the Australian Accounting Standards Board during the year that were mandatory were adopted. None of these amendments or interpretations materially affected any of the amounts recognised or disclosures in the current or prior year. The following IFRS Interpretations Committee (IFRIC) agenda decisions were adopted during the year.

IFRIC agenda decision on Software-as-a-Service (SaaS) arrangements

The IFRIC has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The adoption of the above agenda decisions has not had a material impact on the Group.

3.2 Accounting Standards issued but not yet effective and not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not effective Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

4 Restatement of prior period intangibles provisionally accounted

Apiam acquired Animal Consulting Services Pty Ltd (ACE) in the financial year ended 30 June 2020. The acquisition was provisionally accounted for in that period. The total consideration for ACE amounted to $15,757,000, which included contingent consideration (earnout payment) of $3,625,000. During the year total contingent consideration was paid by the Group. Subsequent to the acquisition, it was noted that there were customer relationships within ACE and that a portion of goodwill recognised upon acquisition must be reclassified and recognised as an intangible asset which is amortised over the useful life of the asset. This resulted in a restatement of each of the affected financial statement line items for prior periods as follows:

			30 June 2020
Statement of financial position (extract)	**Previous amount $'000**	**Adjustment $'000**	**Restated amount $'000**
Goodwill	79,750	(1,746)	78,004
Trademarks and trade names	-	1,773	1,773
Customer relationships	3,223	721	3,944
Accumulated amortisation of customer relationships	(824)	(108)	(932)
Deferred tax liabilities	(720)	(716)	(1,436)
Total equity	68,513	(76)	68,437

			30 June 2020
Statement of profit or loss and other comprehensive income (extract)	**Previous amount $'000**	**Adjustment $'000**	**Restated amount $'000**
Depreciation and amortisation of non-financial assets	(5,852)	(109)	(5,961)
Profit before income tax	**6,065**	**(109)**	**5,956**
Income tax expense	(1,774)	33	(1,741)
Total comprehensive income	**4,291**	**(76)**	**4,215**

5 Summary of accounting policies

5.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

5.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

5.3 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Business combinations under common control are accounted for in the accounts prospectively from the date the group obtains the ownership interest.

Assets and liabilities are recognised upon consolidation at their existing carrying amount in the financial statements of the Acquiree. Any difference between the fair value of the consideration paid and the book value / carrying amount at which the assets and liabilities are recorded is recognised directly in the Corporate re-organisation reserve in equity.

5.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.5 Segment reporting

Apiam identifies its operating segments based on the species to which the Group provide veterinary services and supply animal health products. The Group's three (3) operating segments are:

- Dairy and Mixed;
- Feedlots;
- Pigs;

The segments are aggregated for reporting purposes on the basis that each segment has sales consisting predominantly of S4 products, over the counter products and service revenue and that these products and services exhibit similar economic characteristics across each business.

5.6 Revenue

Revenue arises mainly from the sale of veterinary products and services.

To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

When the Group enters into transactions involving its products and services, the total transaction price for a contract is allocated amongst the various performance obligations. Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of veterinary products and services

Revenue from the sale of veterinary products is recognised when the Group transfers control of the goods to the customer and/or as contractual performance obligations are satisfied. Revenue from the sale of veterinary services is recognised as the services are provided.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs Note 8.

5.9 Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 5.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 5.12 for a description of impairment testing procedures.

Customer Relationships

Customer Relationships represents the future economic benefits arising from existing customers within a business combination that have been individually identified and separately recognised. Customer relationships are amortised over the anticipated life of the relationship.

Trademarks & Trade Names

Trademarks & Trade Names represents the future economic benefits arising from within a business combination that have been identified and separately recognised. Trademarks & Trade Names are carried at cost less accumulated impairment losses.

Capitalised development costs

Capitalised development costs represent costs that are directly attributable to the development of the Group's IT infrastructure and intellectual property. Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its expected useful life.

5.10 Property, plant and equipment

Leasehold improvements, plant and equipment, motor vehicles and assets under construction

Leasehold improvements, plant and equipment, motor vehicles and assets under construction are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant and equipment and motor vehicles also include property held under finance lease (see Note 5.11). Leasehold improvements, plant and equipment and motor vehicles are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- Leasehold improvements: 10 - 33%
- Plant & equipment: 10 – 33%
- Motor vehicles: 20 - 25%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Assets under construction commence depreciation once the asset is put into service.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

5.11 Leased assets

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been recognised as current and non-current.

5.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets, customer relationships or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.13 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets other than those designated and effective as hedging instruments are classified into the following categories:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 34.3 for a detailed analysis of how the impairment requirements of AASB 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

5.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.15 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

5.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.17 Equity, reserves and dividend payments

Share capital

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Corporate re-organisation reserve

The Corporate re-organisation reserve represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired in a business combination whereby the business acquired was under common control at the date of acquisition.

Non-controlling interest acquisition reserve

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners.

Non-controlling interest

Represents the portion of the net assets of subsidiary's that are not 100% owned by the Group.

Retained earnings

Retained earnings include all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date. All transactions with owners of the parent are recorded separately within equity.

Share based payments reserve

Recognises share-based payments accrued in employee incentive share plan.

Foreign currency translation reserve

Exchange differences relating to the translation of the Group's controlled entities from their functional currencies into Australian dollars are brought to account directly to the foreign currency translation reserve.

5.18 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution plans.

5.19 Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

5.20 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote in which case no liability is recognised.

5.21 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

5.22 Rounding of amounts

The Parent Entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

5.23 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 5.15).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management makes determination with regard to the allocation of groups of cash generating units for the purpose of impairment testing. Management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 5.12).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Trade receivables

Management estimates the recoverable amount of any outstanding trade receivable balances at reporting date and recognises an allowance for expected credit losses based on past due amounts and prior trading history.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Customer relationships

Management reviews its estimate of the carrying value of customer relationships at reporting date and recognises an allowance for impairment if required.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 5.3). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Leases – determination of the appropriate discount rate to measure lease liabilities

The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

Leases - Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

6 Segment reporting

Identification of reportable operating segments

Management identifies operating segments based on the species to which the Group provide veterinary services and supply animal health products. The Group's three (3) operating segments are:

• Dairy and Mixed;
• Feedlots;
• Pigs;

Each of these operating segments is managed separately as each species group requires specific veterinary expertise resources and marketing approach. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

The segments are aggregated for reporting purposes on the basis that each segment has sales consisting predominantly of S4 products (prescription based pharmaceuticals), over the counter products and veterinary service revenue and that these products and services exhibit similar economic characteristics across each segment. Corporate overheads that cannot be allocated to a specific segment are disclosed separately.

The revenues and profit generated by the Group's operating segments are summarised as follows:

	2021	2020
Segment information	**$'000**	**$'000**
Revenue from external customers	126,181	118,335
Segment operating costs	(116,015)	(108,785)
Segment adjusted operating profit before tax	**10,166**	**9,550**
Total reporting segment operating profit	10,166	9,550
Other income	23	82
Corporate overheads	(1,770)	(1,640)
Acquisition and integration costs	(167)	(460)
Restructure costs	(119)	(253)
Finance costs	(1,176)	(1,368)
Share of profit from equity accounted investments	79	45
Net profit before tax	**7,036**	**5,956**
Income tax	(2,040)	(1,741)
Net profit after tax	**4,996**	**4,215**

7 Revenue

	2021	2020
	$'000	**$'000**
Sales revenue		
Goods transferred at a point in time	84,859	84,782
Services transferred over time	41,322	33,553
Total revenue	**126,181**	**118,335**

8 Expenses

Profit before income tax includes the following specific expenses:

	2021 $'000	2020 $'000
Depreciation		
Leased buildings[(i)]	2,528	2,419
Leasehold improvements	258	128
Plant and equipment	1,946	1,860
Motor vehicles	825	935
Biological assets	24	98
Amortisation of intangibles	779	619
Total depreciation and amortisation	**6,360**	**6,059**

(i) Right of use assets

	2021 $'000	2020 $'000
Finance costs		
Interest expense on borrowings	813	980
Interest expense on lease liabilities	363	388
	1,176	**1,368**
Share-based payments expense	335	(29)
Rental expense	97	153

9 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group at 30% (2020: 30%) and the reported tax expense in profit or loss are as follows:

	2021 $'000	2020 $'000
Profit from continuing operations before income tax expense	7,036	5,956
Tax at the Australian tax rate of 30% (2020 - 30%)	2,111	1,787
Adjustments for non-deductible expenses:		
Sundry items	(120)	(13)
	1,991	**1,774**
Income tax expense	**1,991**	**1,774**
Adjustment for current tax in prior periods	49	(33)
Total current tax expense	**2,040**	**1,741**
Tax expense comprises		
Current tax expense/(benefit)	2,314	2,385
Deferred tax expense/(benefit)	(274)	(644)
Tax expense/(benefit)	**2,040**	**1,741**

Note 17 provides information on deferred tax assets and liabilities.

10 Cash and cash equivalents

	2021	2020
	$'000	$'000
Cash at bank and in hand	2,150	2,509
Cash and cash equivalents	**2,150**	**2,509**

11 Trade and other receivables

	2021	2020
	$'000	$'000
Trade receivables, gross	12,708	12,145
Less: allowance for expected credit losses	(309)	(334)
Other receivables	176	26
Rebates receivable	968	31
	13,543	**11,868**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. An allowance for expected credit losses has been recognised using a provision matrix based on historical credit loss rates. Refer to Note 34.3 Credit risk analysis.

	2021	2020
	$'000	$'000
Balance at 1 July	334	367
Impairment loss	(25)	(33)
Balance 30 June	**309**	**334**

12 Inventories

	2021	2020
	$'000	$'000
Stock on hand, at cost	15,986	17,560
Less provision for obsolescence	(365)	(87)
Stock in transit, at cost	420	193
	16,041	**17,666**

13 Other current assets

	2021	2020
	$'000	$'000
Prepayments	1,411	1,029
Security deposits	166	67
	1,577	**1,096**

14 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Leased Buildings (i) $'000	Leasehold improve-ments $'000	Plant and equipment $'000	Motor vehicles (ii) $'000	Assets under construction $'000	Total $'000
At 30 June 2020						
At cost	15,143	860	11,037	5,380	36	32,456
Accumulated depreciation	(2,373)	(296)	(6,308)	(3,674)	-	(12,651)
Net book value	**12,770**	**564**	**4,729**	**1,706**	**36**	**19,805**
Year ended 30 June 2021						
Opening net book value	12,770	564	4,729	1,706	36	19,805
Additions	3,660	1,649	2,179	932	-	8,420
Additions through business combinations	1,529	1	253	85	-	1,868
Depreciation charge	(2,528)	(258)	(1,946)	(825)	-	(5,557)
Closing net book value	**15,431**	**1,956**	**5,215**	**1,898**	**36**	**24,536**
At 30 June 2021						
Cost	20,138	2,498	12,496	6,309	36	41,477
Accumulated depreciation	(4,707)	(542)	(7,281)	(4,411)	-	(16,941)
Net book amount	**15,431**	**1,956**	**5,215**	**1,898**	**36**	**24,536**

i) Right of use Assets
ii) Includes leased and owned motor vehicles

15 Intangible assets

	Goodwill (i) $'000	Customer Relation-ships (i) $'000	Trademarks & Trade Names (i) $'000	Capitalised develop-ment costs $'000	Total $'000
At 30 June 2020					
Cost	78,004	3,944	1,773	2,675	86,396
Accumulated amortization and impairment	-	(932)	-	(548)	(1,480)
Carrying amount at 30 June 2020	**78,004**	**3,012**	**1,773**	**2,127**	**84,916**
At July 1 2020					
Opening net book value	78,004	3,012	1,773	2,127	84,916
Additions	-	51	-	269	320
Additions through business combinations	10,720	-	-	-	10,720
Sale of business	(100)	-	-	-	(100)
Amortisation	-	(364)	-	(415)	(779)
Closing net book value	**88,624**	**2,699**	**1,773**	**1,981**	**95,077**
At 30 June 2021					
Cost	88,624	3,995	1,773	2,941	97,333
Accumulated amortization and impairment	-	(1,296)	-	(960)	(2,256)
Net book value	**88,624**	**2,699**	**1,773**	**1,981**	**95,077**

i) Opening balances have changed due to a restatement of a prior period. Refer to Note 4.

15.1 Impairment testing

Goodwill is allocated to groups of cash generating units (CGU) for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management purposes, which is also the operating segment level. Goodwill impairment testing has been completed for each CGU Group. Refer to 15.4 for the goodwill allocated to each CGU Group.

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed one year forecast with annual growth rates applied over a five year term, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each group of CGUs is determined by applying the following key assumptions:

	2021	2020
Annual sales growth %	5.00%	5.00%
Annual operating expenses growth rate %	2.00%	2.00%
Long-term growth rate %	2.50%	2.50%
Post-tax discount rate %	9.33%	9.33%

	2021 $'000	2020 $'000
Goodwill allocation across groups of CGUs	88,624	78,004

The Directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount for any of the segments to exceed its recoverable amount.

15.2 Growth rates

The annual sales growth rate of 5%, annual operating expense growth rate of 2% and the long-term growth rate of 2.50% reflect the average growth rates for the industry.

15.3 Discount rates

The post-tax discount rate of 9.33% reflect appropriate adjustments relating to market risk and other risk factors. The discount rate is applied to the three groups of CGU's because the CGU groups share common risks.

15.4 Cash flow assumptions

Management's key assumptions include stable profit margins, based on experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. Efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Apart from the considerations described in determining the value-in-use of the groups of cash generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Goodwill is managed at the groups of cash generating unit's level which is also reflective of the level of operating segment being Pig, Feedlot, Dairy and mixed.

The following is a summary of the groups of cash generating unit's to which goodwill is allocated.

	Feedlot	Dairy and mixed	Pig (a)	Total
	$'000	$'000	$'000	$'000
Balance 1 July 2020	13,330	55,997	8,677	78,004
Acquisitions	-	10,720	-	10,720
Sale of business	-	(100)	-	(100)
30 June 2021	**13,330**	**66,617**	**8,677**	**88,624**

16 Leasing

Lease liabilities are presented in the statement of financial position as follows:

	30 June 2021 $'000	30 June 2020 $'000
Lease liabilities (current)	2,911	2,683
Lease liabilities (non-current)	14,426	11,453
	17,337	**14,136**

The Group has leases for its warehouses, clinics, offices, motor vehicles and equipment. With the exception of short-term leases and leases of low-value assets, each lease is reflected in the balance sheet as a right-of-use asset and a lease liability.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2021 were as follows:

Minimum lease payments due	Within one year $'000	One to two years $'000	Two to three years $'000	Three to four years $'000	Four to five years $'000	After five years $'000	Total $'000
30 June 2021							
Lease payments	3,308	3,009	2,907	2,891	2,100	4,554	18,769
Finance charges	(397)	(326)	(256)	(187)	(123)	(143)	(1,432)
Net present values	**2,911**	**2,682**	**2,651**	**2,704**	**1,977**	**4,411**	**17,337**

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	30 June 2021 $'000	30 June 2020 $'000
Short term leases	42	51
Leases of low value assets	55	102
	97	**153**

17 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	2021 $'000	2020 $'000
The balance of deferred tax assets comprises temporary differences attributable to:		
Current assets		
Trade and other receivables	110	164
Inventories	109	237
Current liabilities		
Provisions	2,267	1,896
Other		
Unused tax losses	1,440	1,022
Right of use assets	123	-
Depreciation	(745)	-
Listing and acquisition costs	111	-
Equity raising costs	72	-
	3,487	**3,319**

The balance of deferred tax liabilities comprises temporary differences attributable to:

	2021	2020
Intangible assets	**$'000**	**$'000**
Customer relationships	796	904
Trademarks and trade names	532	532
	1,328	**1,436**

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

	Tax losses $'000	Provis-ions $'000	Borrow-ing costs $'000	Trade receiv-ables $'000	Listing & acquis-ition costs $'000	Equity raising costs $'000	Invent-ory $'000	Right of use assets $'000	Deprec-iation $'000	Total $'000
At 1 July 2019	747	1,561	(5)	141	46	181	125	-	-	2,796
(Charged)/credited:										
to P&L	275	335	5	23	(46)	(181)	112	-	-	523
at 30 June 2020	**1,022**	**1,896**	**-**	**164**	**-**	**-**	**237**	**-**	**-**	**3,319**
(Charged)/credited:										
to P&L	418	371	-	(54)	111	72	(128)	123	(745)	96
At 30 June 2021	**1,440**	**2,267**	**-**	**110**	**111**	**72**	**109**	**123**	**(745)**	**3,487**

All deferred tax liabilities have been recognised in the statement of financial position.

	Customer relationships $'000	Total $'000
At 1 July 2019	1,316	1,316
(Charged)/credited to P&L	120	120
at 30 June 2020	**1,436**	**1,436**
(Charged)/credited to P&L	(108)	(108)
At 30 June 2021	**1,328**	**1,328**

18 Trade and other payables

	2021	2020
	$'000	$'000
Trade payables	6,246	5,583
Sundry payables and accrued expenses	3,502	3,212
	9,748	8,795

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

19 Current tax liabilities

	2021	2020
	$'000	$'000
Current tax payable	1,494	1,300

20 Borrowings

	2021	2020
	$'000	$'000
Current:		
Bank loans (a)	2,838	3,419
less capitalized costs	(20)	(19)
Total current borrowings	**2,818**	**3,400**
Non-current		
bank loans (a)	34,887	33,589
less capitalized costs	-	(24)
Total non-current borrowings	**34,887**	**33,565**

Refer to Note 35 for information on financial instruments.

Secured liabilities and assets pledged as security
The total secured liabilities (current and non-current) are as follows:

	2021	2020
	$’000	$’000
Bank loans	37,725	37,008
Less capitalised borrowing costs	(20)	(43)
	37,705	**36,965**

Assets pledged as security

(a) Bank loans are secured by first ranking general security agreements in relation to the current and future assets of Apiam and each wholly-owned subsidiary.

(b) The lease liabilities are effectively secured over the assets to which the lease relates.

Banking covenants

The key financial covenants applicable to bank facilities are:

- Maximum gearing ratio of a ratio of 45% (ratio of net debt to net debt & equity): and
- Maximum operating leverage ratio of a ratio of 3.0 times (ratio of net debt to EBITDA):

The Group complied with all bank covenants during the period.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2021 $'000	2020 $'000
Total facilities		
Bank - term loan facilities	63,700	59,700
Bank - master asset finance agreement for equipment finance	3,500	3,500
Bank - overdraft facility	1,000	1,000
Bank - credit card facility	300	300
	68,500	**64,500**
Used at reporting date		
Bank - term loan facilities	37,725	36,965
Bank - master asset finance agreement for equipment finance	1,631	1,299
	39,356	**38,264**
Unused at reporting date		
Bank - term loan facilities	25,975	22,735
Bank - master asset finance agreement for equipment finance	1,869	2,201
Bank - overdraft facility	1,000	1,000
Bank - credit card facility	300	300
	29,144	**26,236**

21 Employee benefit obligations

	2021 $'000	2020 $'000
Leave obligations current	7,211	5,865
Leave obligations non-current	338	280
	7,549	**6,145**

Employee benefits

The provision for employee benefits relates to the group’s liability for long service leave and annual leave.

Amounts not expected to be settled within the next 12 months

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $7,211 (2020: $5,865) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based upon experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

22 Other current liabilities

	2021 $'000	2020 $'000
Contingent consideration for acquisitions	-	3,925
Net payable to vendors on acquisition	13	-
Contract revenue	16	54
Make good provision	163	174
	192	**4,153**

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23 Equity

23.1 Share capital

The share capital of Apiam consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Apiam.

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Shares issued and fully paid				
· beginning of the period	116,597,135	105,897,728	91,107	86,432
· shares issued as consideration for business acquisitions	3,383,552	8,768,510	2,535	3,785
· shares issued on achievement of earnout for prior year acquisition	1,249,470	251,994	815	120
· issued under dividend reinvestment plan	1,295,340	1,298,025	906	595
· share placement	7,500,000	-	6,000	-
· transaction costs on issue of new share capital	-	-	(300)	-
· employee shares issued	179,933	380,878	102	175
· shares held in employee share trust[(a)]	(308,537)	-	(155)	-
Shares issued and fully paid	**129,896,893**	**116,597,135**	**101,010**	**91,107**
Total shares authorised at the end of the period	**129,896,893**	**116,597,135**	**101,010**	**91,107**

Each share has the same right to receive dividend and the repayment of capital and represents one vote at the shareholders' meeting of Apiam.

a) Shares held in the employee share trust at 30 June 2020. The number of shares held in the employee share trust at 30 June 2021 was 2,158,604.

24 Reserves

Details of reserves are as follows:

	Corporate reorganisation reserve	Non-controlling interest acquisition reserve	Share based payment reserve	Foreign Currency Translation reserve	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	(26,692)	(6,615)	330	-	(32,977)
Employee share plan incentive	-	-	(107)	-	(107)
Foreign currency translation	-	-	-	(20)	(20)
Balance at 30 June 2020	**(26,692)**	**(6,615)**	**223**	**(20)**	**(33,104)**
Employee share plan incentive	-	-	372	-	372
Foreign currency translation	-	-	-	(59)	(59)
Balance at 30 June 2021	**(26,692)**	**(6,615)**	**595**	**(79)**	**(32,791)**

25 Non-controlling interests

	2021	2020
	$'000	$'000
Issued capital	909	845
Current year earnings	(86)	120
Retained profits carried forward	179	59
Total non-controlling interests	**1,002**	**1,024**

26 Earnings per share and dividends

26.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator.

The weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2021	2020
	Number	Number
weighted average number of shares used in basic earnings per share	120,501,108	112,902,256
weighted average number of performance rights	1,570,642	1,447,744
weighted average number of shares used in diluted earnings per share	**122,071,750**	**114,350,000**

26.2 Dividends

During the year, the following dividends were declared and paid.

	2021	2020
	$'000	$'000
fully franked final dividend (1.2 cents a share)	1,399	849
fully franked interim dividend (1.2 cents a share)	1,451	928
	2,850	**1,777**

In addition and since the end of the financial year, Directors have declared a fully franked final dividend of 1.2c per ordinary share to be paid on 22 October 2021 (2020: 1.2c)

26.3 Franking credits

	2021	2020
The amount of the franking credits available for subsequent:	$'000	$'000
Balance at the end of the reporting period	9,500	9,601
Franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	(679)	(400)
franking credits that will arise from the payment of the amount of provision for income tax	1,494	1,301
	10,315	**10,502**

27 Reconciliation of cash flows from operating activities

(a) Reconciliation of cash flows from operating activities	2021	2020
Cash flows from operating activities	**$'000**	**$'000**
Profit / (Loss) for the period	4,996	4,215
Adjustments for:		
· depreciation and amortisation expense	6,361	6,059
· doubtful debt expense	125	62
· obsolete stock provision	277	(330)
· amortisation of borrowing expenses	22	21
· share benefits expense	319	68
· profit on sale of fixed assets	(23)	(82)
· share of profit in equity accounted investments	(79)	(45)
·		
Net changes in working capital:		
· decrease/(increase) in trade and other receivables	(1,501)	3,400
· decrease/(increase) in tax receivable	225	282
· decrease/(increase) in inventories	1,894	(5,257)
· decrease/(increase) in other assets	(469)	(93)
· decrease/(increase) in deferred tax asset	(3)	(301)
· increase/(decrease) in trade and other payables	741	(2,162)
· increase/(decrease) in income tax payable	82	927
· increase/(decrease) in deferred tax liability	(108)	(97)
· increase/(decrease) in employee benefit obligations	988	593
· increase/(decrease) in other liabilities	115	40
· increase/(decrease) in other current liabilities	(212)	227
· increase/(decrease) in foreign currency translation reserve	(61)	(20)
Net cash received in operating activities	**13,689**	**7,507**

28 Employee remuneration

28.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

Employee benefits – expense	2021	2020
	$'000	**$'000**
Wages and salaries expense	39,746	34,847
Bonus expense	43	116
Share-based payment expense [(a)]	335	(29)
Superannuation expense	3,138	2,747
Employee benefits expense	**43,262**	**37,681**

a) The share based payment expense in 2020 of $(29) reflects the reversal of an over accrued expense in the prior year.

28.2 Share-based employee remuneration

As at 30 June 2021, the Group maintained two share-based payment schemes for employee remuneration, the Future Leaders Long Term Incentive Plan and the Senior Executive Long Term Incentive Plan. Performance rights under these Plans will vest if certain conditions are met. Participants have to achieve performance targets and have to be employed until the end of the agreed vesting period. Upon vesting, each participant will be issued with ordinary shares as defined in the Incentive Plan. The fair value of rights offered for the Future Leaders Long Term Incentive Plan is based on the share price at grant date. The fair value of rights offered for the Senior Executive Long Term Incentive Plan is determined using the Monte Carlo valuation model.

The number of performance rights held by employees of the Group at 30 June 2021 is set out below:

Type	Balance at 1/07/2020	Granted	Vested and Exercised	Forfeited	Held as at 30/06/2021
Performance rights	1,355,104	1,029,280	(148,447)	(175,272)	2,060,665

29 Auditor remuneration

	2021 $	2020 $
Audit services – Grant Thornton Audit Pty Ltd		
Remuneration for audit or review of financial statements	190,294	206,905
Other services – Grant Thornton		
• taxation services	3,148	4,730
• due diligence services	56,000	108,500
Total other services remuneration	**59,148**	**113,230**
Total auditor's remuneration	**249,442**	**320,135**

30 Related party transactions

The Group's related parties include key management, post-employment benefit plans for the Group's employees and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Group provided short term finance to its joint venture entity, South West Equine in the 2020 financial year. The amount owing is $Nil (2020: $79,285) this year.

30.1 Transactions with key management personnel

Key management of the Group are the executive members of Apiam's Board of Directors and members of the Executive Team. Key management personnel remuneration includes the following expenses:

	2021 $	2020 $
Short-term employee benefits:		
salaries including bonuses and non-monetary benefits	1,130,685	949,458
accrued annual leave entitlements	53,972	24,898
non-monetary benefits	11,394	8,307
Total short-term employee benefits	**1,196,051**	**982,663**
Long- term employee benefits:		
Accrued long service leave entitlements	13,800	11,718
Share based payments expense	60,926	12,249
Total long-term employee benefits	**74,726**	**23,967**
Post-employment benefits:		
superannuation	69,701	52,462
Total post-employment benefits	**69,701**	**52,462**
Total remuneration	**1,340,478**	**1,059,092**

<u>Other transactions with key management personnel</u>

The Group rents premises at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. Rental payments made amounted to $364,514 (2020: $333,600).

The Group rents premises at Rubicon Street, Smithton, Tasmania. The premises are owned by an entity associated with Chris Richards. Rent payments made amounted to $139,725 (2020: $125,232).

The Group leases an artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $116,462 (2020: $105,000).

The Group leases premises at Midland Highway, Lethbridge, Victoria from entities associated with Chris Richards. Lease payments made amounted to $nil (2020: $2,018)

The Group leases premises at Midland Highway, Epsom, Victoria from entities associated with Chris Richards. Lease payments made amounted to $nil (2020: $7,753).

All related party rentals are based on commercial rates and the terms of the lease are standard commercial terms.

31 Contingent liabilities

In the Directors' view, there are no contingent assets or liabilities that will have a material effect on the Group.

32 Business combination

On 1 December 2020 the Group acquired 100% of the issued share capital and voting rights of Crosvet Pty Ltd (DCVS).

On 1 April 2021, the Group acquired the business assets of Knox Veterinary Clinic (KNX).

On 1 June 2021, the Group acquired the business assets of Clermont Veterinary Surgery (CVS)

On 1 June 2021, the Group acquired the business assets of Samford Valley Veterinary Hospital (SVVH)

The following detailed table highlights the fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition for each of the business combinations undertaken in the period. The acquisitions of these veterinary businesses expands Apiam's presence in regional New South Wales and Queensland. On the acquisition of DCVS, 2,207,506 fully paid shares were issued at a fair value of $0.6795 per share. On the acquisition of KNX, 322,086 shares were issued at a fair value of $0.82 per share. On the acquisition of CVS, 504,696 shares were issued at a fair value of $0.905 per share. On the acquisition of SVVH, 349,264 shares were issued at a fair value of $0.90 per share.

Each of these business combinations have initially been accounted for on a provisional basis as at 30 June 2021. The measurement period for provisional accounting ends on either the earlier of 12 months from the date of acquisition or when the acquirer receives all the information possible to determine the fair value.

	DCVS $'000	KNX $'000	CVS $'000	SVVH $'000	Total $'000
Fair value of consideration transferred					
Amounts settled in cash	3,349	981	1,715	2,594	8,639
Amount settled by issue of shares at fair value	1,500	264	457	314	2,535
Final settlement payable / (receivable)	-	-	(202)	215	13
Total fair value of consideration transferred	**4,849**	**1,245**	**1,970**	**3,123**	**11,187**
Recognised amounts of identifiable net assets					
Property plant and equipment	947	261	532	128	1,868
Deferred tax assets	22	44	27	72	165
Total non-current assets	**969**	**305**	**559**	**200**	**2,033**
Cash and equivalents	10	-	-	-	10
Inventories	144	75	150	176	545
Trade and other receivables	144	86	14	55	299
Other current assets	12	-	-	-	12
Total current assets	**310**	**161**	**164**	**231**	**866**
Provisions	13	17	24	37	91
Total non-current liabilities	**13**	**17**	**24**	**37**	**91**
Provisions	90	128	65	205	488
Current tax liabilities	112	-	-	-	112
Trade and other payables	53	-	29	130	212
Lease liabilities	830	39	532	128	1,529
Total current liabilities	**1,085**	**167**	**626**	**463**	**2,341**
Identifiable net assets	**181**	**282**	**73**	**(69)**	**467**
Goodwill on acquisition	**4,668**	**963**	**1,897**	**3,192**	**10,720**
Net cash outflow on acquisition	**3,339**	**981**	**1,715**	**2,594**	**8,629**

32.1 Contribution to the Group results

For each acquisition, the period between the beginning of the reporting period and the date of acquisition was not business as usual due to the acquisition, making it impractical to determine revenue and profit or loss generated in the period. The period from acquisition to the end of the reporting period remains impractical to report business as usual for each acquisition due to various integration activities impacting results within the first year of operations and the introduction of ongoing charges for shared services within the group.

33 Interests in subsidiaries

33.1 Composition of the Group

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

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests 2021	2020
Chris Richards & Associates Pty Ltd	Australia	Veterinary services	**100%**	100%
Country Vet Wholesaling Pty Ltd	Australia	Wholesale supply	**100%**	100%
Apiam Logistics Services Pty Ltd	Australia	Transport	**100%**	100%
Apiam Management Pty Ltd	Australia	Payroll	**100%**	100%
Southern Cross Feedlot Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Westvet Wholesale Pty Ltd	Australia	Wholesale supply	**100%**	100%
Portec Veterinary Services Pty Ltd	Australia	Veterinary services	**49%**	49%
Pork Storks Australia Pty Ltd	Australia	Genetics	**100%**	100%
McAuliffe Moore & Perry Pty Ltd	Australia	Veterinary services	**100%**	100%
Warrnambool Veterinary Clinic Pty Ltd	Australia	Veterinary services	**100%**	100%
Scottsdale Veterinary Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Smithton Veterinary Service Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Clinics NSW & QLD Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH - Bell Vet Services Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH Gippsland Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH Southern Riverina Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Veterinary Services Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH iVet Pty Ltd	Australia	Dormant	**100%**	100%
Tasvet Wholesale Pty Ltd	Australia	Dormant	**100%**	100%
Quirindi Feedlot Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Quirindi Veterinary Clinic Pty Ltd	Australia	Veterinary services	**100%**	100%
Quipolly Equine Centre Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Veterinary Clinics Pty Ltd	Australia	Veterinary Services	**80%**	80%
Gympie & District Veterinary Services Pty Ltd	Australia	Veterinary Services	**100%**	100%
Apiam Solutions LLC	USA	Distribution	**51%**	51%
Fur Life Foundation Ltd	Australia	Charity	**100%**	100%
South Yarra Pharma Pty Ltd	Australia	Veterinary Services	**100%**	100%
Animal Consulting Enterprises Pty Ltd	Australia	Manufacturing	**100%**	100%
The Trustee for Grampians Animal Health Unit Trust	Australia	Veterinary Services	**100%**	100%
CrosVet Pty Ltd	Australia	Veterinary Services	**100%**	0%

Significant judgements and assumptions

The Group holds 49% of the ordinary shares and voting rights in Portec Veterinary Services Pty Ltd (‘Portec’).

One (1) other investor holds 51% in order to ensure compliance with statutory laws applicable in Western Australia where Portec Veterinary Services Pty Ltd (Portec) conducts its operations. Management has assessed its involvement in Portec in accordance with AASB 10’s control definition and guidance. It was concluded that the Apiam Group has outright control. In making its judgement, management considered the Group’s voting rights, the relative size and dispersion of the voting rights held by the other shareholder and the extent of participation by the shareholder in general meetings. Experience demonstrates that the other shareholder participates such that they do not prevent the Group from having the practical ability to direct the relevant activities of Portec unilaterally.

33.2 Losing control over a subsidiary during the reporting period

There was no loss of control over a subsidiary during the reporting period.

33.3 Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities.

34 Financial instrument risk

34.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

34.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which result from both its operating and investing activities.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 30 June 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2020: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		**Equity**	
	$'000 +1%	**$'000 -1%**	**$'000 +1%**	**$'000 -1%**
30-Jun-21	**373**	**(373)**	**373**	**(373)**
30-Jun-20	319	(319)	319	(319)

34.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021 $'000	2020 $'000
Classes of financial assets:		
Cash and cash equivalents	2,150	2,509
trade and other receivables	13,543	12,093
	15,693	**14,602**

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via only banking with major reputable financial institutions.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Trade receivables are written off (ie. derecognised) when there is no reasonable expectation of recovery.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June, the Group has made an allowance for expected credit losses (see Note 11) based on past due amounts and prior trading history. The amounts at 30 June analysed by the length of time past due, are:

	2021 $'000	2020 $'000
Past due under 30 days	1,365	1,332
Past due 30 days to under 60 days	475	1,007
Past due 60 days and over	997	1,550
Total	**2,837**	**3,889**

34.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within one (1) month.

As at 30 June 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		
	Within 6 months $'000	**6 - 12 months $'000**	**1 - 4 years $'000**
30 June 2021			
Bank borrowings	2,818	-	34,887
Trade and other payables	9,748	-	-
Total	**12,566**	**-**	**34,887**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		
	Within 6 months $'000	**6 - 12 months $'000**	**1 - 4 years $'000**
30 June 2020			
Bank borrowings	3,400	-	33,565
Trade and other payables	8,795	-	-
Total	**12,195**	**-**	**33,565**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

35 Fair value measurement

35.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020:

	Level 1	Level 2	Level 3	Total
30 June 2021	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities				
Contingent consideration	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
Net fair value	**-**	**-**	**-**	**-**

	Level 1	Level 2	Level 3	Total
30 June 2020	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities				
Contingent consideration	-	-	**3,925**	**3,925**
Total liabilities	**-**	**-**	**3,925**	**3,925**
Net fair value	**-**	**-**	**3,925**	**3,925**

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer (CFO) and to the Audit and Risk Management Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Level 3 are described below:

Contingent consideration (Level 3)

The fair value of contingent consideration related to the acquisition of business combinations is considered to be face value as the payments become due within the next six (6) months.

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input
Probability of meeting target	100%	-

Level 3 Fair value measurements
The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration	
	2021 **$'000**	**2020** **$'000**
Balance at 1 July 2020	3,925	400
Contingent consideration / (contingent consideration paid) for acquisitions	(3,925)	3,525
Balance at 30 June 2021	**-**	**3,925**

36 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern, and
- to provide an adequate return to shareholders;

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. The Group's goal in capital management is to maintain a gearing ratio below 45% (ratio of net debt to net debt and equity). This is in line with the Group's covenants resulting from the banking facilities it has taken out from December 2015.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2021 **$'000**	**2020** **$'000**
Total equity	80,863	68,437
Cash and cash equivalents	2,150	2,509
Capital	**83,013**	**71,022**
Total equity	80,863	68,437
Borrowings	37,705	36,965
Overall financing	**118,568**	**105,478**
Capital-to-overall financing ratio	**70%**	**67%**

The Group has honoured its covenant obligations, including maintaining capital ratios, since the banking loans were taken out in December 2015.

37 Parent entity information

Information relating to Apiam Animal Health Limited ('the Parent Entity'):

	2021 $'000	2020 $'000
Statement of financial position		
Current assets	1,234	1,486
Total assets	141,526	133,311
Current liabilities	4,025	8,367
Total liabilities	39,795	42,652
Net assets	101,731	90,659
Issued capital	100,226	91,107
Retained earnings / (Accumulated losses)	1,505	(448)
Total equity	101,731	90,659
Statement of profit or loss and other comprehensive income		
Profit for the year	4,287	2,723
Other comprehensive income	79	45
Total comprehensive income	4,366	2,768

The Parent Entity has entered into a deed of cross guarantee. Refer Note 39 for details.

The Parent Entity had no contingent liabilities at 30 June 2021 (2020: $nil).

38 Post-reporting date events

The Apiam Board of Directors have declared the Company's final dividend of 1.2c per share fully franked on the 30 August 2021. The final dividend of $1,604,808 will be paid on the 22 October 2021.

On 30 July 2021 the Group acquired the business assets of Scenic Rim Veterinary Service (SRVS). The consideration consisted of an initial cash payment of $13,741,300 and 1,678,495 fully paid shares issued at a fair value of $0.93 per share.

On 2 August 2021, the Group acquired the business assets of Golden Plains Animal Hospital (GPAH). The consideration consisted of an initial cash payment of $1,076,073.

The Group has signed a business sale agreement to acquire the business assets of Smythesdale Animal Hospital (SAH). The agreed consideration to be made on acquisition is an initial cash payment of $865,719.

The Group has also signed a business sale agreement to acquire the business assets of Harbour City Veterinary Surgery (HCVS). The agreed consideration to be made on acquisition is an initial cash payment of $1,960,000 and 883,653 shares issued at a fair value of $0.95 per share.

The acquisitions of these veterinary businesses expands Apiam's presence in regional Queensland and Victoria. At this time the acquisitions have not been finalised and the goodwill cannot be quantified.

39 Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Chris Richards & Associates Pty Ltd
Country Vet Wholesaling Pty Ltd
Apiam Logistics Services Pty Ltd
Apiam Management Pty Ltd
Southern Cross Feedlot Services Pty Ltd
Westvet Wholesale Pty Ltd
Pork Storks Australia Pty Ltd
McAuliffe Moore & Perry Pty Ltd
Warrnambool Veterinary Clinic Pty Ltd
Scottsdale Veterinary Services Pty Ltd
Smithton Veterinary Service Pty Ltd
AAH Clinics NSW & QLD Pty Ltd
AAH - Bell Vet Services Pty Ltd
CVH Gippsland Pty Ltd
CVH Southern Riverina Pty Ltd
CVH Border Pty Ltd
Tasvet Wholesale Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved of the requirement to prepare financial statements and a directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Set out below is a consolidated statement of profit or loss and other comprehensive income of the parties to the Deed.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	2021	2020
	$'000	$'000
Continuing operations		
Revenue	89,636	84,589
Other income	23	82
Expenses		
Changes in inventory	(1,751)	3,089
Cost of materials	(34,528)	(40,121)
Employee benefit expenses	(32,303)	(28,973)
Listing and acquisition expenses	(167)	(460)
Property expenses	(1,239)	(1,178)
Freight, vehicle and transport expenses	(2,474)	(1,805)
Depreciation of property, plant and equipment	(4,661)	(4,690)
Other operating expenses	(6,709)	(6,754)
Finance costs	(1,064)	(1,294)
Share of profit from equity accounted investments	79	45
Profit/(loss) before income tax	**4,842**	**2,530**
Income tax (expense)/benefit	(1,360)	(760)
Profit from continuing operations	**3,482**	**1,770**
Profit for the year	**3,482**	**1,770**

Set out below is a consolidated statement of financial position of the parties to the Deed.

Statement of Financial Position as at 30 June 2021	**2021 $'000**	**2020 $'000**
Assets		
Current assets		
Cash and cash equivalents	1,317	1,420
Trade and other receivables	11,229	7,407
Inventories	11,822	13,572
Other current assets	1,228	1,178
Total current assets	**25,596**	**23,577**
Non-current assets		
Intangible assets	91,144	81,613
Property, plant and equipment	18,877	15,181
Biological assets	-	123
Investments	216	136
Deferred tax assets	2,491	2,528
Total non-current assets	**112,728**	**99,581**
Total assets	**138,324**	**123,158**
Current liabilities		
Trade and other payables	8,390	7,169
Amounts payable to vendors for business acquisitions	13	3,925
Current tax liabilities	959	536
Borrowings	2,838	3,798
Lease liabilities	1,050	-
Provisions	5,760	4,689
Total current liabilities	**19,010**	**20,117**
Non-current liabilities		
Borrowings	34,887	44,539
Lease liabilities	12,908	-
Provisions	106	135
Total non-current liabilities	**47,901**	**44,674**
Total liabilities	**66,911**	**64,791**
Net assets	**71,413**	**58,367**
Equity		
Equity attributable to owners of the parent		
- share capital	99,996	89,852
- corporate reorganization reserve	(26,692)	(26,692)
- non-controlling interest acquisition reserve	(5,615)	(5,594)
- retained earnings	3,724	801
Total Equity	**71,413**	**58,367**

Directors' Declaration

1 In the opinion of the Directors of Apiam Animal Health Limited:

a The consolidated financial statements and notes of Apiam Animal Health Limited are in accordance with the *Corporations Act 2001*, including

i Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b There are reasonable grounds to believe that Apiam Animal Health Limited will be able to pay its debts as and when they become due and payable.

c There are reasonable grounds to believe that the members of the extended closed group identified in Note 39 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 39.

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2021.

3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
30 August 2021

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Independent Auditor's Report

To the Members of Apiam Animal Health Limited

Report on the audit of the financial report

Opinion

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

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 15	

At 30 June 2021, the carrying value of goodwill, customer relationships and trademarks is $88 million, $2.7 million and $1.8 million respectively, and is allocated to three separate group cash-generating units ("CGU's").
 	
In accordance with AASB 136 *Impairment of Assets*, the Group is required to assess if there are any indicators of impairment and in respect to goodwill, assess if the carrying value of each CGU is in excess of the recoverable value.
 	
This area is a key audit matter due to the high level of management judgement and estimation required to determine the recoverable value of the Group's CGUs.
	Our procedures included, amongst others:
	• Assessing management's determination of the Group's CGUs based on the nature of the business and the economic environment in which the units operate;
	• Reviewing the impairment model for compliance with AASB 136;
	• Assessing management's allocation of goodwill resulting from the acquisitions amongst the three CGUs;
	• Assessing whether management has the requisite expertise to prepare the impairment model;
	• Assessing the reasonableness and appropriateness of inputs and assumptions to the model by;
	    • Evaluating managements future cash flow forecasts and obtain an understanding of the process by which they were developed;
	    • Assessing managements key assumptions for reasonableness by comparing long term growth rates to historical results and economic and industry forecasts;
	    • Considering the reasonableness of the revenue and cost forecasts against current year actuals;
	    • Obtaining from management available evidence to support key assumptions;
	    • Performing a sensitivity analysis on the key assumptions; and
	    • Utilising an auditor's expert to assess the reasonableness of the certain key inputs and assumptions used in the model.
	• Testing the underlying calculations for mathematical accuracy of the model;
	• Assessing customer relationships for indicators of impairment; and
	• Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Grant Thornton

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 20 to 26 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Apiam Animal Health Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

egangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 30 August 2021

ASX Additional Information

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 14 August 2021 (**Reporting Date**).

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3, the Corporate Governance Statement will be available for review on Apiam's website (http://www.apiam.com.au/corporate-governance/) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each Recommendation that needs to be reported against by Apiam and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on Apiam's website (http://www.apiam.com.au/corporate-governance/).

Substantial holders

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total issued securities
CJOEA FAMILY COMPANY PTY LTD <RICHARDS FAMILY A/C>	Ordinary Shares	30,219,451	22.597
PETSTOCK INVESTMENTS PTY LTD	Ordinary Shares	21,240,500	15.883

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders
Fully paid ordinary shares	1,591
Fully paid ordinary shares restricted until 1 October 2021 and quoted on ASX	4
Fully paid ordinary shares restricted until 30 November 2021 and quoted on ASX	1
Fully paid ordinary shares restricted until 2 December 2021 and quoted on ASX	3
Fully paid ordinary shares restricted until 7 April 2022 and quoted on ASX	1
Fully paid ordinary shares restricted until 27 May 2022 and quoted on ASX	1
Fully paid ordinary shares restricted until 1 June 2022 and quoted on ASX	2
Fully paid ordinary shares restricted until 30 July 2022 and quoted on ASX	3
Fully paid ordinary shares restricted until 30 November 2022 and quoted on ASX	1
Fully paid ordinary shares restricted until 7 April 2023 and quoted on ASX	1
Fully paid ordinary shares restricted until 27 May 2023 and quoted on ASX	1
Fully paid ordinary shares restricted until 1 June 2023 and quoted on ASX	2
Fully paid ordinary shares restricted until 30 July 2023 and quoted on ASX	3
Performance Rights	44

Voting rights of equity securities

The only class of equity securities on issue in the Company which carries voting rights is ordinary shares.

As at the Reporting Date, there were 1,600 holders of a total of 133,733,992 ordinary shares of the Company.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	306	189,174	0.14
1,001 – 5,000	493	1,281,538	0.96
5,001 – 10,000	260	2,060,417	1.54
10,001 – 100,000	430	13,113,346	9.81
100,001 – 999,999,999	111	117,089,517	87.55
Totals	**1,600**	**133,733,992**	**100.00**

Distribution of performance rights holders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	0	0	0.000
1,001 – 5,000	2	6,820	0.330
5,001 – 10,000	10	71,512	3.480
10,001 – 100,000	23	871,970	42.460
100,001 – 999,999,999	9	1,103,501	53.730
Totals	**44**	**2,053,803**	**100.000**

Less than marketable parcels of ordinary shares (UMP Shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
133,733,992	37,820	126	0.02828

Twenty largest shareholders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Holder Name	Balance as at Reporting Date	%
CJOEA FAMILY COMPANY PTY LTD <RICHARDS FAMILY A/C>	30,219,451	22.597
PETSTOCK INVESTMENTS PTY LTD	21,240,500	15.883
CITICORP NOMINEES PTY LIMITED	5,852,675	4.376
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,008,926	2.250
SCOLEXIA COMMODITY PTY LTD	2,755,777	2.061
DONALD CROSBY & SHARRON CROSBY <D & S CROSBY FAMILY A/C>	2,207,506	1.651
CERTANE CT PTY LTD <APIAM ANIMAL EST UNALLO AC>	2,139,938	1.600
COBASH PTY LIMITED <J & S WRIGHT FAMILY A/C>	1,872,006	1.400
HAMILTON ANIMAL HEALTH PTY LTD	1,564,270	1.170
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,409,907	1.054
FOUR POST INVESTMENTS PTY LTD <JOHNSTONE INVESTMENT A/C>	1,386,700	1.037
AILEEN MARY VANDERFEEN	1,377,888	1.030
MR LINCOLN O'MEARA	1,377,888	1.030
RACHEL LOUISE O'MEARA	1,377,888	1.030
MR ROGER CHARLES CARMODY & MRS MARIS MOORE CARMODY <R & M CARMODY A/C>	1,258,650	0.941
MRS KATE JUDITH MALIN <HOWISON FAMILY A/C>	1,229,161	0.919
SONJASWRIGHT PTY LIMITED	1,211,846	0.906
DAVID FRITH PTY LTD <FRITH FAMILY A/C>	1,104,909	0.826
MR NEIL LEIGHTON & MRS HELEN LEIGHTON <LEIGHTON SUPER FUND A/C>	1,104,131	0.826
CINDY JANE PTY LTD <CINDY JANE FAMILY A/C>	1,045,701	0.782
Total number of shares of Top 20 Holders	**84,745,718**	**63.369**
Total Remaining Holders Balance	**48,988,274**	**36.631**

Company Secretary

The Company's secretary is Eryl Baron.

Registered Office

The address and telephone number of the Company's registered office is:

27- 33 Piper Lane
East Bendigo VIC 3550

Telephone: +61 (0)3 5445 5999

Share Registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited, are:

Street Address:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000
Telephone: (02) 9290 9600

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: AHX).

Escrow

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary shares	Voluntary escrow	2,894,060	1 October 2021
Ordinary shares	Voluntary escrow	1,103,753	30 November 2021
Ordinary shares	Voluntary escrow	1,490,194	2 December 2021
Ordinary shares	Voluntary escrow	161,043	7 April 2022
Ordinary shares	Voluntary escrow	252,348	27 May 2022
Ordinary shares	Voluntary escrow	174,632	1 June 2022
Ordinary shares	Voluntary escrow	839,248	30 July 2022
Ordinary shares	Voluntary escrow	1,103,753	30 November 2022
Ordinary shares	Voluntary escrow	161,043	7 April 2023
Ordinary shares	Voluntary escrow	252,348	27 May 2023
Ordinary shares	Voluntary escrow	174,632	1 June 2023
Ordinary shares	Voluntary escrow	839,247	30 July 2023

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of restricted securities	Number of unquoted Equity Securities	Number of holders
Performance Rights	2,053,803	44

Other Information

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

CORPORATE DIRECTORY

DIRECTORS

Professor Andrew Vizard	Chairman
Dr Christopher Richards	Managing Director
Mr Michael van Blommestein	Non-Executive Director
Mr Richard Dennis	Non-Executive Director
Dr Jan Tennent	Non-Executive Director

COMPANY SECRETARY

Eryl Baron

REGISTERED OFFICE

27-33 Piper Lane
East Bendigo VIC 3550
T 03 5445 5999
F 03 5445 5914
E investorrelations@apiam.com.au

AUDITORS

Grant Thornton Australia
Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

BANKERS

National Australia Bank
500 Bourke Street
Melbourne VIC 3000

SHARE REGISTRY

Boardroom Registry Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000
T 1300 737 760
F 02 9279 0664
E enquiries@boardroomlimited.com.au

STOCK EXCHANGE LISTING

Australian Securities Exchange
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX CODE

AHX

WEBSITE

apiam.com.au

Apiam animal health