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 2024
Previous period:	For the year ended 30 June 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory Results Summary

CHANGES FROM PERIOD ENDED 30 JUNE

				2024		2023
		%		$m		$m
Revenue from ordinary activities	up	7	To	204.8	from	192.1
Net profit attributable to members	up	117	To	4.9	from	2.3
Profit from ordinary activities after tax attributable to members	up	117	To	4.9	From	2.3
Underlying EBITA (Incl. non-controlling interests)	up	23	to	15.8	From	12.8

Underlying EBITA (Earnings Before Interest, Tax and Amortisation) 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
2024 Interim Dividend	1.0 cents	1.0 cents
2024 Final Dividend	1.0 cents	1.0 cents
Record date for determining entitlements to the dividend	29 August 2024	
Date dividend payable	30 September 2024	

Dividend reinvestment plan

The Company initiated a Dividend Reinvestment Plan (DRP) on the 25 August 2017 which provides shareholders with the opportunity to utilise all or part of their dividend to purchase shares in the Company. Shareholders electing to participate in the FY24 final dividend DRP must nominate to do so by 30 August 2024.

Shareholders who elect to participate in the DRP for the FY24 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 6 September 2024 and 12 September 2024 ('Pricing Period'). The timetable in respect of the 2024 final dividend and DRP is as follows:

Event / Action	**Date**
Record Date	29 August 2024
Election Date: Last date for shareholders to make an election to participate in the DRP	5.00 pm (Melbourne time) on 30 August 2024
Pricing Period Commencement Date	6 September 2024
Last Day of Pricing Period	12 September 2024
Announcement of DRP issue price	13 September 2024
Dividend Payment Date / Issue of DRP shares	30 September 2024

Details of the DRP can be downloaded from www.apiam.com.au. In order to participate in the DRP for the 2024 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 30 August 2024. An online election can be made by visiting www.boardroomlimited.com.au.

Net Tangible Asset per Security

	2024	2023
Net Tangible assets per share	($0.25)	($0.26)

Return to shareholders

Dividends of $1,800,002 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 2024 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.

2024

Apiam Animal Health

Enriching the lives of Animals, People and Communities

ANNUAL REPORT


FUR LIFE
Vet
Dr Sarah
Fitzgerald

Contents

Chairman's Message

Dear shareholders,

On behalf of the Board of Directors I am pleased to present the Apiam Animal Health Ltd ("Apiam") Annual Report for the year ended 30 June 2024 ("FY24").

This year our team has worked hard to implement the strategy we outlined to you earlier in FY24. At our Annual General Meeting in November 2023, I shared several strategic priorities that the Apiam Board of Directors had set for the Company following our disappointing earnings performance in FY23. Our focus was on pursuing organic growth initiatives, improving clinic performance and better extracting synergies from recent acquisitions.

We established these priorities to deliver improved earnings, maximise our free cash flows and to reduce Company debt. We also outlined our goal to recommence paying dividends to shareholders.

I am pleased to confirm that through making these strategic changes in our business over the course of the year, we are well on the way to delivering these outcomes for shareholders. In FY24, Apiam reported:

- Earnings and margin growth with underlying EBITA increasing 23.2% and underlying NPAT (before amortisation) increasing 12.3%
- Improvement in operating cash flows of 8.5%
- Reduced net debt of $66.8 million (30 June 2024) down from $71.1 million (31 December 2023)
- Re-introduction of the Company dividend with an interim FY24 dividend of 1.0 cents per share and final FY24 dividend of 1.0 cents per share

Several factors have driven Apiam's improved earnings performance in FY24. In our Clinical Vet Services segment (formerly named the Dairy & Mixed Animal segment) the shift to a new vet-supported clinic management model has been important. This transition not only enhanced margins and organic growth but also reduced costs across various non-veterinary functions. Additionally, our Intensive Animal Vet Services business – comprising the Beef Feedlot & Pigs segments – benefited from a focus on high value, technology driven veterinary and production consultancy services, which significantly boosted their profitability.

Despite these results, there is still work to be done. We see further opportunities for synergy and efficiency improvements in FY25. Management continues to work closely with four clinics that have undergone a full restructure to improve the financial performance of their operations, and these clinics are also expected to contribute to improved profitability in the year ahead.

Apiam's Clinical Vet Services segment now represents 78% of Apiam's revenues and importantly provides a robust and resilient revenue base for the Group. Veterinary services to dogs & cats make up the largest component of this segment's revenues in FY24 and our Best Mates subscription veterinary program leverages this client base. In FY24 we achieved over 30% growth in Best Mates member numbers and this program is a strong source of organic growth for our Company.

Our other business area, Intensive Animal Veterinary Services, contributed 22% of Apiam's revenues in FY24. These segments service large commercial piggery & feedlot operators and have a different set of business drivers from Clinical Vet Services. Veterinary consulting to clients in this segment occurs on a much larger scale and is principally driven by Apiam's use of innovative technologies, such as data benchmarking, diagnostics and vaccines.

Unique products and services such as bespoke vaccines designed for an operator's specific herd, and disease surveillance and predictive analytics for large numbers of animals using proprietary technology are all examples of how Apiam are providing differentiated services to their commercial customers. Importantly, it is these types of products and services that are achieving better animal health, production and profitability outcomes for our clients.

Looking ahead, I believe the tangible financial benefits delivered by our strategic program in FY24 has positioned Apiam strongly for continued financial improvement in FY25. With robust organic growth opportunities and a sustainable structurally lower cost base, we are well-positioned to achieve further profitability gains. I would like to thank our shareholders for their patience as we continue to advance through this process.

To close, I would like to thank my fellow Board members for their support this year as well as acknowledge our Apiam team members for their hard work in delivering best-practice and high-quality animal care. It is these efforts that have contributed to the improved results we have delivered this financial year.

Your sincerely,

Andrew Vizard

Managing Director's Message

Dear fellow shareholders,

This year we delivered improved financial results through a strategic plan that focussed on extracting synergies, achieving more effective outcomes from our existing business portfolio and pursuing organic growth opportunities.

Financial review

Our veterinary business – comprised of Clinical Vet Services and Intensive Animal Vet Services – delivered resilient revenue performance despite broader economic and cost-of-living issues over the period. In FY24, Apiam's revenues increased 6.2% to $204.8 million, supported by a strong organic growth contribution from the Beef Feedlot segment as well as acquisitions made early in the period.

Our earnings performance in FY24 improved as the benefits of our cost-saving and focus on delivering effective outcomes began to be realised. In addition, gross margin expansion was achieved as the Company has pursued a strategy to focus on the provision of higher value-add products & services.

In FY24, Apiam's underlying EBITA[1] increased strongly by 23.2% to $15.8 million as synergies were extracted across Apiam's business support network and Clinical Vet Services segment. Redundancy and restructuring programs were executed in June 2023 and December 2023, with further annualised benefits to be realised in FY25. The implementation of a vet-supported clinic management model has also led to margin expansion and sustainable cost savings (discussed further below).

Overall, Group operating expenses on a like-for-like basis declined 2.5% despite the inflationary environment over the financial year.

Underlying NPATA[2] grew 12.3% in FY24, despite being impacted by higher finance costs ($5.5 million in FY24 vs $3.8 million in FY23). Reported NPAT grew 116.5% to $4.9 million (FY23:

[1] Underlying EBITA is a non-IFRS measure and is earnings before interest, tax, amortisation and one-off expenses
[2] Underlying NPATA is a non-IFRS measure and is net profit after tax but before amortisation and one-off expenses

$2.3 million) with this growth trend reflective of the impact of $2.4 million of inventory write-down expense incurred in FY23.

Following two companion animal veterinary acquisitions early in FY24, Apiam also sought to maximise cash flows and reduce net debt. Net debt as at 30 June 2024 was $66.8 million down from $71.1 million as at 31 December 2023.

Diversified business model – segment performance

Apiam's Clinical Vet Services segment provides veterinary services to companion animals, equine and other mixed animals via its network of 66 clinics Australia-wide. In FY24, this segment reported 7.4% revenue growth. On a like-for-like basis Apiam's Clinical Vet Services segment revenue was (1.6)% vs FY23 excluding four clinics that were restructured over FY24. This lower like-for-like growth trend is in-line with Management expectations as it relates to the large number of COVID-pets now in a healthy young stage of adult life.

From an organic growth perspective, our Best Mates subscription-based veterinary program for companion animals continues to perform strongly as it represents an attractive offering for our customer base. In FY24 member numbers increased 32.4% on the prior year. In addition, our four greenfield clinics that we have opened since FY23 are ramping-up according to plan and are expected to make a growing contribution to revenue and earnings in the coming year.

Apiam slowed the pace of its acquisition program in FY24, in-line with our revised strategic priorities. The total cash consideration for acquisitions completed in FY24 was $6.3 million, down from $32.5 million in FY23. Acquisitions made since 1 July 2022 have performed strongly under Apiam's ownership, delivering mid single-digit revenue growth in the period.

The Company's Intensive Animal Vet Services – comprised of the Beef Feedlot and Pigs segments delivered 2.3% revenue growth in FY24, a turn-around from prior years due to improved underlying industry conditions, particularly in the beef feedlot segment. Apiam's focus on higher value-add products and services, supported by our investment in technology, diagnostics and vaccines has also led to strong profit improvements. Gross profit across these segments increased 10.1% in FY24.

Sustainable operating structure and earnings margins

As part of Apiam's FY24 strategy to optimise the performance of its veterinary clinics and leverage cost savings, Apiam transitioned to a new vet-supported clinic management model. This model has been designed to foster agile and timely decision making and has involved streamlining standards-of-care and workflow practices within clinics. We have been encouraged by the improved margins we are already seeing across much of our portfolio as a result of this management model.

This approach has also allowed for a reduction in our centralised Business Support Network and we believe this is now resourced at a more sustainable level to support the Group moving forward.

Outlook for FY25

Looking ahead to FY25, we expect demand for veterinary services in regional and rural locations to remain resilient. We have a business model diversified across various industry sectors, servicing companion animal pet and livestock owners all the way through to large commercial pig and beef feedlot operators.

Many of the strategic changes we made in FY24 will have a greater annualised impact in FY25 and we expect this to further improve our earnings position. While we continue to monitor the market for attractive strategic acquisitions, we will also appropriately balance debt management against all investment decisions subject to return on capital thresholds.

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 2024.

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 Richard John Dennis	Non-Executive Director
Dr Jan Tennent	Non-Executive Director
Evonne Maree Collier	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

346,184 shares

Dr Christopher Richards

Managing Director

BSc, BVSc, MAICD

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

Chris is responsible for the strategic direction of Apiam, which has seen the development, growth, acquisition and integration of production and companion animal veterinary clinics, veterinary wholesale, logistics, laboratory and genetics services businesses since 1998 into the Apiam of today.

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

Interests in Shares and Options

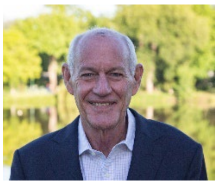
42,400,000 shares

477,449 performance rights

Mr Richard John Dennis

Independent Non-Executive Director

BComm, LLB



Rick held several 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 several 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 non-executive Chair of AF Legal Group Limited, Motorcycle Holdings Limited, Energy Resources of Australia Limited, and a non-executive director of Cettire Limited and Step One Clothing Limited. He is also an external member of the Audit & Risk Committee of Racing Qld.

Interests in Shares and Options

12,425 shares

Dr Jan Tennent OAM

Independent Non-Executive Director

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

Jan is a Fellow of the Australian Academy of Technology and Engineering and the Australian Society for Microbiology, a Principal Fellow at The University of Melbourne and was awarded the Medal of the Order of Australia (OAM) in the Australia Day 2024 Honours list for service to research science, and to business.

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, the CRC for Vaccine Technology, CSL, and Pfizer Animal Health (now Zoetis) where she was the Director of Business Development and Global Alliances in the APAC region.

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

Jan was a non-executive director of Agriculture Victoria Services Pty Ltd (to 30 Oct 2023) and Phytogene Pty Ltd (to 30 Oct 2023).

Interests in Shares and Options

125,732 shares

Evonne Maree Collier

Non-Executive Director

BA, MBus, GradCertAppFin, GAICD

Ms Collier has served as a Chair and Non-Executive Director on various boards since 2011 and currently serves as Non-Executive Director of global SaaS analytics company, Sage Automation (Chair of the Digital Products board) and digital dental and aesthetic dental clinic aggregator, Curae Health (Board Chair).

Ms Collier was also previously Non-Executive Director of ASX-listed 4D Medical (4DX), 1300Smiles Limited (ONT) and Think Childcare Limited (TNK).

Ms Collier's executive career was with blue-chip, multinational companies in C-suite Strategy, Sales/Marketing and R&D/Innovation positions, specialising in business turnarounds and digital and eCommerce products, channels and transformation.

Ms Collier holds a Bachelor of Arts, Master of Business, Master of Digital Marketing and Graduate Certificate of Applied Finance, and is a Graduate Member of the Australian Institute of Company Directors.

Interests in Shares and Options

Nil

Company Secretary

Eryl Baron
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.

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	11	11	5	5	6	6
Chris Richards	11	11	n/a	n/a	n/a	n/a
Richard Dennis	11	11	5	5	n/a	n/a
Jan Tennent	11	11	5	5	6	6
Evonne Collier	11	11	5	5	6	6

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

Evonne Collier

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

Jan Tennent (Chair)

Andrew Vizard

Evonne Collier

PRINCIPAL ACTIVITIES

The Group operates in the segment of provision of veterinary products and services to production, companion and equine animals. Apiam services animals throughout their life cycle, including the provision of:

- systems to assist in herd health programs;
- production advice;
- consulting services and products to assist in the prevention of animal diseases;
- technologies to manage compliance with legislative requirements on pharmaceutical use;
- advice and services in respect of animal welfare compliance;
- retail animal health product sales;
- on-farm delivery of products via its own logistics capability;
- third party auditing services of industry quality assurance programs;
- technology development for animal health management;
- ancillary services such as sales and/or delivery of genetics and associated products;
- on-farm and on-line training programs for clients; and
- veterinary services for companion animals

REVIEW OF OPERATIONS

Apiam executed on its strategic plan to deliver resilient revenue growth and improved profitability for shareholders in the twelve months to 30 June 2024 (FY24).

The Company's business model is diversified across Clinical Vet Services[3] (companion animal, equine and farm services clients) and Intensive Animal Vet Services (commercial pig and beef feedlot operators). This model has ensured that, despite challenging conditions in many parts of the broader economy, Apiam's business has remained robust and delivered growth in the period.

Importantly, Apiam's focus in FY24 to extract further efficiencies and synergies from the accelerated acquisition program the Company undertook between FY21 - FY23 has resulted in improved earnings margins and cost savings.

Financial review

Revenue in FY24 grew 6.2% to $204.8 million (FY23: $192.8 million[4]) supported by a strong revenue performance in Apiam's beef feedlot business as well as acquisitions executed in the first half of FY24 (H1 FY24).

Gross profit increased 9.6% to $137.3 million in FY24 (FY23: $125.3 million[4]), with the Company's gross margins increasing to 67.0% in FY24 from 65.0%[4] over this time. The focus on the provision of higher value products and consulting services across all segments of the Group drove this result.

Operating earnings also grew strongly in FY24 with underlying EBITA[5] increasing to $15.8 million, an increase of 23.2%[4] on the prior comparable period. Underlying EBITA margins

[3] Previously named the Dairy & Mixed Animal segment

[4] FY23 financials presented for the purposes of growth analysis throughout the Review of Operations exclude one-off revenue adjustment for deferred revenue relating to prior years and reversal of earn-out no longer payable (Revenue net effect +$730,000) as well as inventory write-down expense (Cost of goods sold net effect +$2.4 million)

[5] Underlying EBITA is a non-IFRS measure and is earnings before interest, tax, amortisation and one-off expenses

increased to 7.7% (FY23: 6.7%) as cost synergies and efficiencies were extracted across Apiam's business support network and Clinical Vet Services segment.

Underlying NPATA grew 12.3%[4] in FY24, after accounting for the impact of higher finance costs over the period ($5.5 million in FY24 vs $3.8 million in FY23). Reported NPAT grew 116.5% to $4.9 million (FY23: $2.3 million) with this growth trend reflective of the impact of $2.4 million of inventory write-down expense incurred in FY23 associated with sanitiser and surface protectant products.

The following tables are presented to assist in the interpretation of the underlying performance of Apiam in FY24. This information is additional and presented using non-IFRS information and terminology.

Apiam FY24 Financial Results Summary – Underlying Basis

P&L underlying	FY24	FY23	Variance	%
Total Revenue [1]	204.8	192.8	12.0	6.2%
Cost of goods sold [2]	(67.5)	(67.5)	(0.0)	0.0%
Gross Profit [3]	**137.3**	**125.3**	**12.0**	**9.6%**
Operating expenses	(111.7)	(104.3)	(7.4)	7.1%
Underlying EBITDA [4]	**25.6**	**21.0**	**4.6**	**22.0%**
Underlying EBITA [4]	**15.8**	**12.8**	**2.9**	**23.2%**
Underlying NPATA [4,5]	**7.2**	**6.4**	**0.8**	**12.3%**
Amortisation post tax	(1.5)	(1.5)	(0.1)	5.7%
One-off expenses post tax	(0.8)	(0.5)	(0.2)	44.6%
One-off revenue & write-down adj post tax		(2.2)		
NPAT attributable to members	**4.9**	**2.3**	**2.7**	**116.5%**
Underlying EBITDA[4] (pre AASB 16)	20.3	16.6	3.7	22.3%
Gross Margin (%)	67.0%	65.0%		
Underlying EBITDA margin (%)	12.5%	10.9%		
Underlying EBITA margin (%)	7.7%	6.7%		
Earnings per share (cents)	2.76	1.30	1.5	112.3%

Notes:

1 *FY23 excludes one-off revenue adjustment for deferred revenue relating to prior years and reversal of earn-out no longer payable (net effect +$730,000)*

2 *FY23 excludes inventory write-down expense of $2.4 million relating to sanitiser and surface protectant products*

3 *Gross profit is a non-IFRS measure and only considers the cost of inventory associated with product revenue. It does not consider any cost of services associated with service revenue*

4 *Underlying earnings are non-IFRS measures and exclude one-off acquisition / integration costs (Other Operating Expenses FY24: $428K vs FY23: $442K) & restructuring costs (Employee Benefit Expenses $666K vs FY23: $315K). These costs have been tax effected where applicable at NPAT level*

5 *Before amortisation (tax effected)*

Apiam FY24 Financial Results Summary – Reported Basis

P&L stat	FY24	FY23	Variance	%
Total revenue	204.8	192.1	12.8	6.6%
Cost of goods sold	(67.5)	(69.9)	2.4	(3.4)%
Gross profit [1]	**137.3**	**122.2**	**15.1**	**12.4%**
Operating expenses	(112.8)	(105.1)	(7.7)	7.4%
EBITDA	**24.5**	**17.1**	**7.4**	**43.2%**
Depreciation ROU assets	(5.0)	(4.1)	(0.9)	21.4%
Depreciation & amortisation	(7.0)	(6.1)	(0.9)	14.1%
EBIT	**12.5**	**6.9**	**5.6**	**82.0%**
Interest	(5.5)	(3.8)	(1.7)	46.3%
Tax	(2.2)	(1.0)	(1.2)	116.5%
Other (including minorities)	0.1	0.2	(0.1)	(54.2)%
NPAT attributable to members	**4.9**	**2.3**	**2.7**	**116.5%**

Notes:
1 *Gross profit is a non-IFRS measure and only considers the cost of inventory associated with product revenue. It does not consider any cost of services associated with service revenue*

Segment performance

Clinical Vet Services segment (formerly Dairy & Mixed Animal segment)

This segment is made up of a network of 66 veterinary clinics and operates under a business-to-consumer (B2C) model.

Reported revenue growth for the Clinical Vet Services segment was 7.4% in FY24 and on a like-for-like[6] basis was (1.6)% vs pcp (with like-for-life results excluding four clinics which have been restructured over FY24).

While this like-for-like growth was below prior period trends, this impact is in-line with Company expectations following COVID-related peaks in new pet ownership, and the fact that veterinary input across the life stages of COVID pets hits the lowest part of the life-stage cycle at 2-3 years.

The Company continues to deliver growth in many important areas with 32.4% reported growth in its Best Mates annual subscription members over FY24.

This segment accounted for 78% of the Company's revenues in FY24.

Beef Feedlot & Pigs segments

Apiam's Beef Feedlot & Pigs segments service commercial feedlot & piggeries around Australia via a business-to-business (B2B) model.

Apiam's technology and data analytics offering are a key driver of the veterinary consulting, product & services offering provided to commercial clients.

In FY24, revenues in these segments grew 2.3% vs pcp as industry conditions improved after a challenging few years. The beef feedlot segment in particular has experienced strong revenue growth since Q2 FY24.

[6] Like-for-like refers to ex-acquisition performance and adjusted to exclude acquisitions that have not contributed a full 12-months of trading in FY24 or FY23.

Apiam's Beef Feedlot & Pigs segments made a strong profit contribution to the Group in FY24 as the Company's increasing use of data-lead veterinary & production consultancy services have driven improved margins.

These segments accounted for 22% of the Company's revenues in FY24.

Business initiatives - cost-saving programs

As part of Apiam's FY24 strategy to optimise the performance of its veterinary clinics and leverage cost savings, Apiam transitioned to a new vet-supported clinic management model. This model has been designed to foster increasingly agile and timely clinic decision making and has helped to improve Apiam's margins and profit growth performance in FY24.

The move to a vet-supported clinic management model led to a redundancy and restructuring program to reduce non-veterinary positions. This process was undertaken in June 2023 and December 2023. Savings from this program have been realised in the Company's Business Support Network and within the Clinical Vet Services segment with further annualised benefits to be realised in FY25.

Significant restructuring has been required in four veterinary clinics and this has resulted in a short-term reduction to revenue and negatively impacted Clinical Vet Services profits in FY24. Changes to the leadership and senior veterinary teams in these clinics are now complete and the clinics are focussed on streamlining operations and ensuring sufficient capacity to meet historical revenue demands in their local markets.

Overall, Apiam's operating expenses on a like-for-like basis fell 2.5% in FY24 vs pcp, a strong result in the current inflationary environment.

Acquisitions

Apiam slowed the pace of its acquisition program in FY24, with two acquisitions completed – Boyne Tannum Vet Surgery and Macleay Valley Veterinary Services – both settled in the first quarter of FY24. The total cash consideration for acquisitions completed in FY24 was $6.3 million, down from $32.5 million in FY23.

Acquisitions made since 1 July 2022 have performed strongly under Apiam's ownership, delivering mid single-digit revenue growth in FY24.

Balance sheet & cash flow

Apiam have generated strong cash flows in FY24 which have been applied to debt management, resumption of the interim FY24 dividend and organic growth initiatives.

Net debt as at 30 June 2024 was $66.8 million, down from $71.1 million as at 31 December 2023[7]. The Company's operating leverage ratio has reduced from 2.9x to 2.6x over this period in-line with the reduction in net debt and growth in earnings. The Company's operating leverage covenant requirement remains at 3.5x EBITDA[8].

Apiam's cash flow generation remains strong with operating cash flow conversion to underlying EBITDA (before AASB 16 lease adjustments) of 118.1% in FY24, above Managements long-term target of 100%. This was supported by strong control of working capital and general costs.

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[7] Net debt as at 30 June 2024 includes $4.3 million of equipment bank finance (reported under lease liability) (vs $3.4 million as at 31 December 2023)
[8] Underlying EBITDA

Statutory cashflows $m	FY24	FY23
Net cash provided by operating activities	**18.9**	**17.4**
Acquisition of subsidiary, net of cash	(6.3)	(32.5)
Payments for property, plant and equipment	(4.8)	(7.9)
Payments for Intangible assets	(0.1)	(0.3)
Other	0.2	0.2
Net cash used in investing activities	**(10.9)**	**(40.6)**
Net changes in financing	(2.0)	28.9
Dividends paid to shareholders	(1.3)	(0.7)
Repayment of lease liabilities	(6.0)	(4.8)
Proceeds from share issue	0.0	0.0
Other	0.0	0.0
Net cash inflow from financing activities	**(9.4)**	**23.5**
Net change in cash and cash equivalents	**(1.4)**	**0.3**

Dividend

Apiam's Board of Directors reinstated its dividend program in February 2024 in light of the Company's strong cash flow generation and the slower pace of the acquisition program.

The Board has declared a final dividend of 1 cent per share. The record date for the final dividend is 29 August 2024. Apiam's dividend reinvestment policy will be in place in respect of the final dividend.

Outlook

The outlook for veterinary services in rural and regional Australia remains resilient.

Exposure to a diversified customer base through Apiam's Clinical Vet Services and Intensive Animal Vet services model delivers many opportunities for growth. In the year ahead, the Company plans to leverage its investment in new product technologies to drive growth across its commercial pig & beef feedlot customer base.

Further efficiencies and synergies are expected to be extracted from the Company's clinic portfolio in FY25. The ramp-up of greenfield clinics as well as the four clinic locations where significant business restructuring has been undertaken, will add further growth opportunities in the year ahead.

In FY25, Apiam plans to apply surplus cash flows to a combination of debt management and growth initiatives. The Company continues to monitor the market for strategic acquisitions, subject to return on capital thresholds.

DIVIDENDS

An interim dividend of $1,800,002 at 1 cent per share was paid in April 2024. On 23 August 2024 the Apiam Board of Directors declared that there will a final dividend of $1,814,391 at 1 cent per share.

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 cent per share fully franked on 23 August 2024. The final dividend of $1,814,391 will be paid on 30 September 2024.

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 capacity and capability required to prosper in the expanding global animal health industry.

KEY RISKS AND BUSINESS CHALLENGES

Apiam Animal Health operates, in part, 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.

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 FY24 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 Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory. 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 (Audited)

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 of the Group.

At the Annual General Meeting of Shareholders on 23 November 2023, greater than 25% of Shareholders voted against the adoption of the FY2023 Remuneration Report. No shareholder feedback was received at the meeting in relation to the Remuneration Report. The board have sought feedback from shareholders who voted against the adoption of the Remuneration report and no issues have been raised in relation to the Remuneration Report.

In addition to fixed remuneration, the Company offers performance rights as part of its long term incentive plan for key management personnel which is based on Total Shareholder Return (TSR) with a 3 year target of threshold at 45% growth and maximum at 95% growth. Short term incentives are also offered to key management personnel that are based on key metrics aligned with Apiam’s strategy. The Remuneration & Nomination Committee and the Board have continued to review the approach taken to the Company’s overall remuneration and its appropriateness to the Company’s circumstances and market conditions.

Details of Key Management Personnel

(I) DIRECTORS

Andrew Vizard

Chairman (Independent Non-executive)

Chris Richards

Managing Director (Executive)

Richard Dennis

Director (Independent Non-executive)

Jan Tennent

Director (Independent Non-executive)

Evonne Collier

Director (Independent Non-executive)

(II) EXECUTIVES

Matthew White

Chief Financial Officer

Brian Scutt (resigned 30/11/2023)

Chief Operating Officer

Renee Waters

Chief People Officer

Duncan Runciman (commenced as KMP on 01/02/2024)

Chief Veterinary 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;
- Short term incentive plan;
- Long term incentive plan;
- 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 marketplace 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 six times in the FY24 reporting period.

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	*FY24*	*FY23*	*FY22*	*FY21*	*FY20*
EPS (cents)	2.76c	1.30c	3.42c	4.18c	3.63c
Dividends paid (cents per share)	1.0c	0.4c	2.4c	2.4c	1.6c
Net profit before tax ($'000)	$7,062	$3,166	$6,470	$6,971	$5,956
Share price ($)	$0.345	$0.51	$0.69	$0.96	$0.46

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)	Cash Bonus	Accrued annual leave	Non-monetary benefits	Superannuation	Termination benefits	(Accrued long services leave)	Performance Rights (ii)	Total	Performance based percentage of remuneration
Directors		$	$	$	$	$	$	$	$	$	%
Andrew Vizard Chairman Independent	2024	140,000	-	-	-	-	-	-	-	140,000	0%
	2023	140,000	-	-	-	-	-	-	-	140,000	0%
Richard Dennis Independent	2024	80,000	-	-	-	-	-	-	-	80,000	0%
	2023	80,000	-	-	-	-	-	-	-	80,000	0%
Chris Richards Managing Director	2024	450,311	66,139	49,112	10,245	29,391	-	26,339	17,259	648,796	13%
	2023	431,915	-	67,316	15,602	25,292	-	40,073	15,475	595,673	3%
Michael van Blommestein	2024	-	-	-	-	-	-	-	-	-	0%
Independent	2023	26,146	-	-	-	2,745	-	-	-	28,891	0%
Jan Tennent Independent	2024	70,000	-	-	-	-	-	-	-	70,000	0%
	2023	70,000	-	-	-	-	-	-	-	70,000	0%
Evonne Collier Independent	2024	63,063	-	-	-	6,937	-	-	-	70,000	0%
	2023	47,511	-	-	-	4,989	-	-	-	52,500	0%
Employees											
Matthew White Chief Financial Officer	2024	303,824	29,750	(3,738)	-	28,743	-	14,569	9,700	382,848	10%
	2023	291,649	-	3,514	-	25,292	-	14,750	12,307	347,512	4%
Brian Scutt Chief Operating Officer	2024	136,135	-	(28,776)	4,317	13,699	63,618	(2,058)	11,055	197,990	6%
	2023	244,215	-	(10,874)	-	24,927	-	1,068	9,575	268,911	4%
Renee Waters Chief People Officer	2024	262,486	24,871	10,008	-	27,718	-	14,623	7,480	347,186	9%
	2023	219,143	-	1,504	-	23,987	-	3,877	9,926	258,437	4%
Duncan Runciman Chief Veterinary Officer	2024	269,201	47,271	44,866	8,081	27,033	-	24,365	1,034	421,851	11%
	2023	-	-	-	-	-	-	-	-	-	0%
2024 Total	**2024**	**1,775,020**	**168,031**	**71,472**	**22,643**	**133,521**	**63,618**	**77,838**	**46,528**	**2,358,671**	**9%**
2023 Total	**2023**	**1,550,579**	**-**	**61,460**	**15,602**	**107,232**	**-**	**59,768**	**47,283**	**1,841,924**	**3%**

(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. For rights issued in FY22, FY23 and FY24 the rights will vest at the end of the three year performance period with the quantity of rights vesting depending on the Total Shareholder Return Growth achieved (45% Threshold and 95% Target) and continued employment. The amount recognised for the Managing Director, Chief Financial Officer, Chief People Officer and Chief Veterinary 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
Executive Directors		
Chris Richards	87%	13%
Other Key Management Personnel		
Matthew White	90%	10%
Brian Scutt	94%	6%
Renee Waters	91%	9%
Duncan Runciman	89%	11%

c Service agreements

Remuneration and other terms of employment for the Executive Director 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	$450,310	No fixed term	Twelve (12) months
Matthew White	$303,824	No fixed term	Six (6) months
Brian Scutt	$254,472	No fixed term	Three (3) months
Renee Waters	$254,000	No fixed term	Three (3) months
Duncan Runciman	$254,000	No fixed term	Three (3) months

d Short Term Incentive Plan

The amount at risk and performance criteria of the short term incentive (STI) plan is determined annually by the Apiam Board. For the FY24 reporting period the STI amount at risk was 50% of base salary for the Executive Director and 33.33% of base salary for the Chief Financial Officer, Chief People Officer and Chief Veterinary Officer.

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 (Performance Period). The value of the long term incentive performance rights granted to the Executive Director and KMP under the Company's employee incentive plan is set by the Board, and the vesting of the rights is based on achieving agreed key performance indicators. The grant of rights to the Executive Director is also subject to shareholder approval.

During the FY24 reporting period the Apiam Board approved the issue of performance rights to the Chief Financial Officer, Chief People Officer and Chief Veterinary Officer equal to 33.33% of their respective base salary for the Performance Period ending 30 June 2026.

The performance measures are assessed at the end of each Performance Period and are based on the Total Shareholder Return (TSR) of the company and subject to continued employment. TSR shall be measured by comparing the Baseline Share Price against the Closing Share Price at the completion of the Performance Period. The calculation used will be the Closing Share Price, minus the Baseline Share Price, plus Dividends received, divided by the Baseline Share Price.

The Baseline Share Price is calculated by assessing the volume weighted average price (VWAP) of Apiam shares for the 20 trading days following the lodgement of the annual report for the reporting period that occurs immediately prior to the commencement of the Performance Period. The Baseline Share Price is $0.9572 for the Performance Period ending FY24, $0.7643 for the Performance Period ending FY25 and $0.3852 for the Performance Period ending FY26.

The Closing Share Price shall be calculated by assessing the VWAP of Apiam shares for the 20 trading days following the lodgement of the annual report at the end of the relevant Performance Period.

Example FY24 (Performance Period ending FY26):

- The TSR is measured as:
  - The closing share price (VWAP for 20 trading days following lodgement of the FY26 Annual Report) minus
  - The Baseline share price (VWAP for 20 trading days following lodgement of the FY23 Annual Report) plus
  - Dividends received
  - All divided by Baseline share price (VWAP for 20 trading days following lodgement of the FY23 Annual Report).
- The performance rights will vest only after three years' service and performance is delivered.
- Vesting of all performance rights is subject to Board discretion. Threshold TSR at which performance rights commence and the TSR at which 100% rights vest for the three-year period commencing 1 July 2023 is shown in the table below.

The Performance Rights will vest as follows:

Absolute TSR	
Below 45%	Nil
45-95%	Straight line between 50% and 100%
95%	100%

Performance Rights Granted:

The following performance rights were issued in FY22, FY23 and FY24. The performance measures are assessed at the end of the three-year period and are based on the Total Shareholder Return (TSR) of the company and subject to continued employment. The Performance Rights which have not vested will expire if the applicable Performance Measures are not met during the Performance Period.

Name	Grant Date	Performance Rights granted	FY2024 Tranche	Fair Value	Fair Value per Right	FY2025 Tranche	Fair Value	Fair Value per Right	FY2026 Tranche	Fair Value	Fair Value per Right	Expiry date to exercise vested shares
Chris Richards	25/11/21	192,821	192,821	$23,106	$0.1198	-	-	-	-	-	-	31 Oct 25
Chris Richards	24/11/22	284,628	-	-	-	284,628	$27,233	$0.0957	-	-	-	31 Oct 26
Matthew White	09/12/21	99,248	99,248	$11,110	$0.1119	-	-	-	-	-	-	31 Oct 25
Matthew White	08/12/22	128,026	-	-	-	128,026	$10,450	$0.0816	-	-	-	31 Oct 26
Matthew White	28/03/24	262,915	-	-	-	-	-	-	262,915	$12,777	$0.0486	31 Oct 27
Brian Scutt	09/12/21	83,126	83,126	$ 9,304	$0.1119	-	-	-	-	-	-	31 Oct 25
Brian Scutt	06/12/22	107,230	-	-	-	107,230	$8,502	$0.0793	-	-	-	31 Oct 26
Renee Waters	06/12/22	96,221	-	-	-	96,221	$7,628	$0.0793	-	-	-	31 Oct 26
Renee Waters	28/03/24	219,799	-	-	-	-	-	-	219,799	$10,682	$0.0486	31 Oct 27
Duncan Runciman	28/03/24	219,799	-	-	-	-	-	-	219,799	$10,682	$0.0486	31 Oct 27

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 received the following fees (which total $360,000):

- Chairman (One): $140,000 per annum;
- Directors (Three): $70,000 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 2024 reporting period by 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 2024 held by each of the Group's key management personnel, including their related parties, is set out below.

Personnel	Balance at 1/07/2023	Granted as remuneration	Received on exercise	Other changes	Held as at 30/06/2024
Chris Richards	38,651,577	-	82,715	3,665,708	42,400,000
Andrew Vizard	286,109	-	-	60,075	346,184
Richard Dennis	12,064	-	-	361	12,425
Jan Tennent	72,073	-	-	53,659	125,732
Evonne Collier	-	-	-	-	-
Matthew White	146,017	-	57,876	257,823	461,716
Brian Scutt	1,768,153	-	-	999,943	2,768,096
Renee Waters	43,882	-	-	125,000	168,882
Duncan Runciman	1,101,173	-	-	-	1,101,173
Total	42,081,048	-	140,591	5,162,569	47,384,208

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 2024 by each of the Group's key management personnel, including their related parties, is set out below.

Personnel	Balance at 1/07/2023	Granted as remuneration	Vested & Exercised	Forfeited/ lapsed during year	Held as at 30/06/2024	Vested & not exercised	Vested in FY24
Chris Richards	560,164	-	(82,715)	-	477,449	-	-
Matthew White	307,585	262,915	(57,876)	(22,435)	490,189	-	-
Brian Scutt	222,860	-	-	(222,860)	-	-	-
Renee Waters	191,069	219,799	-	(20,255)	390,613	-	-
Duncan Runciman	-	219,799	-	-	219,799	-	-
Total	1,281,678	702,513	(140,591)	(265,550)	1,578,050	-	-

Loans to key management personnel

The Group did not enter into any loans with key management personnel during the 2024 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 a head office and warehouse facility at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. Rental payments in FY24 amounted to $403,051 (2023: $378,303).

The Group rents a veterinary clinic and warehouse facility at Rubicon Street, Smithton, Tasmania. The premises are owned by an entity associated with Chris Richards. Rent payments made in FY24 amounted to $147,708 (2023: $135,941).

The Group leases an artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made in FY24 amounted to $126,983 (2023: $119,186).

The Group leases an equine clinic facility at Beet Road, Maffra, Victoria. The premises are owned by an entity associated with Duncan Runciman. Rent payments made in FY24 amounted to $34,405 (2023: $32,712).

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 29 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 30 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
23 August 2024

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
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Melbourne VIC 3001

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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 2024, 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

A C Pitts
Partner – Audit & Assurance

Melbourne, 23 August 2024

Apiam Animal Health Limited Financial Statements

For the year ended 30 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue	6	204,656	191,757
Other income		174	318
Expenses			
Changes in inventory		(328)	(2,309)
Cost of materials		(67,164)	(67,568)
Employee benefit expenses	28	(90,665)	(82,844)
Depreciation and amortisation expense	7	(11,974)	(10,227)
Other operating expenses		(22,164)	(22,240)
Share of profit from equity accounted investments		50	53
Finance costs	7	(5,523)	(3,774)
Profit/(loss) before income tax		**7,062**	**3,166**
Income tax (expense)/benefit	8	(2,154)	(995)
Profit from continuing operations		**4,908**	**2,171**
Profit for the year		**4,908**	**2,171**
Profit attributable to:			
Owners of Apiam Animal Health Limited		4,931	2,277
Non-controlling interests	25	(23)	(106)
Total comprehensive income/ (loss) for the period		**4,908**	**2,171**
Earnings per share for profit attributable to the ordinary equity holders of the company:	**Note**	**Cents**	**Cents**
Basic earnings per share	26	2.76	1.30
Diluted earnings per share	26	2.71	1.28

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	9	1,757	3,172
Trade and other receivables	10	13,369	13,958
Inventories	11	15,144	15,472
Other current assets	12	2,240	2,130
Total current assets		**32,510**	**34,732**
Non-current assets			
Intangible assets	14	167,599	163,614
Property, plant and equipment	13	51,023	43,812
Investments		273	273
Deferred tax assets	17	4,372	3,605
Total non-current assets		**223,267**	**211,304**
Total assets		**255,777**	**246,036**
Current liabilities			
Trade and other payables	18	12,910	12,435
Lease liabilities	15	5,913	4,984
Other current liabilities	22	2,183	1,346
Current tax liabilities	19	1,333	889
Borrowings	20	-	2,934
Employee benefit obligations	21	11,400	10,677
Total current liabilities		**33,739**	**33,265**
Non-current liabilities			
Borrowings	20	64,265	66,066
Lease liabilities	15	31,601	24,043
Employee benefit obligations	21	611	543
Deferred tax liabilities	17	3,027	3,718
Other liabilities		505	505
Total non-current liabilities		**100,009**	**94,875**
Total liabilities		**133,748**	**128,140**
Net assets		**122,029**	**117,896**
Equity			
Equity attributable to owners of the parent			
Share capital	23	135,769	134,840
Corporate re-organisation reserve	24	(26,692)	(26,692)
Non-controlling interest acquisition reserve	24	(6,615)	(6,615)
Share based payment reserve	24	1,093	993
Foreign currency translation reserve	24	2	6
Retained earnings		18,467	15,336
		122,024	**117,868**
Non-controlling interest	25	5	28
Total equity		**122,029**	**117,896**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	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 2022		**127,249**	**(26,692)**	**(6,615)**	**871**	**(19)**	**13,756**	**108,550**	**134**	**108,684**
Issue of new share capital	23	42	-	-	-	-	-	42	-	42
Issue of shares to vendors of business acquired	23	7,119	-	-	-	-	-	7,119	-	7,119
Employee share plan, transfer on exercise of rights	23	430	-	-	(430)	-	-	-	-	-
Employee share plan, share based payments		-	-	-	552	-	-	552	-	552
Foreign currency translation adjustment		-	-	-	-	25	-	25	-	25
Dividends paid		-	-	-	-	-	(697)	(697)	-	(697)
Transactions with owners		**7,591**	**-**	**-**	**122**	**25**	**(697)**	**7,041**	-	**7,041**
Profit / (Loss) for the period		-	-	-	-	-	2,277	2,277	(106)	2,171
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**2,277**	**2,277**	**(106)**	**2,171**
Balance at 30 June 2023		**134,840**	**(26,692)**	**(6,615)**	**993**	**6**	**15,336**	**117,868**	**28**	**117,896**
Issue of new share capital	23	478	-	-	-	-	-	478	-	478
Employee share plan, transfer on exercise of rights	23	451	-	-	(451)	-	-	-	-	-
Employee share plan, share based payments		-	-	-	551	-	-	551	-	551
Foreign currency translation adjustment		-	-	-	-	(4)	-	(4)	-	(4)
Dividends paid		-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Transactions with owners		**929**	**-**	**-**	**100**	**(4)**	**(1,800)**	**(775)**	**-**	**(775)**
Profit / (Loss) for the period		-	-	-	-	-	4,931	4,931	(23)	4,908
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**4,931**	**4,931**	**(23)**	**4,908**
Balance at 30 June 2024		**135,769**	**(26,692)**	**(6,615)**	**1,093**	**2**	**18,467**	**122,024**	**5**	**122,029**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		226,454	214,619
Payments to suppliers and employees (inclusive of GST)		(198,370)	(189,993)
		28,084	**24,626**
Interest paid		(5,523)	(3,774)
Transaction costs paid relating to acquisition of subsidiary		(190)	(416)
Income taxes paid		(3,493)	(3,031)
Net cash (outflow)/inflow from operating activities	27	**18,878**	**17,405**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,778)	(7,855)
Payments for intangible assets	14	(90)	(350)
Proceeds from disposals of property, plant & equipment		174	128
Dividends received		50	50
Acquisition of subsidiaries, net of cash acquired	32	(6,263)	(32,543)
Net cash (outflow)/inflow from investing activities		**(10,907)**	**(40,570)**
Cash flows from financing activities			
Proceeds from borrowings		27,690	39,049
Repayment of borrowings		(29,730)	(10,111)
Lease payments		(6,024)	(4,773)
Dividends paid to company shareholders		(1,322)	(673)
Net cash (outflow)/inflow from financing activities		**(9,386)**	**23,492**
Net (decrease)/increase in cash and cash equivalents		**(1,415)**	**327**
Cash and cash equivalents at the beginning of the year		3,172	2,845
Cash and cash equivalents at end of the year	9	**1,757**	**3,172**

The above consolidated statement of cash flows 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 2024 were approved and authorised for issue by the Board of Directors on 23 August 2024.

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.

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 Summary of accounting policies

4.1 Overall considerations

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

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2024. 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.

4.3 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 were historically accounted for in the accounts prospectively from the date the group obtained 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 was recognised directly in the Corporate re-organisation reserve in equity.

4.4 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.

4.5 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:

• Clinical Vet Services (formerly 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.

4.6 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

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.

Sale of veterinary services

Revenue from the sale of veterinary services is recognised over time as the services are provided based on either a fixed price or an hourly rate.

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.

4.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.8 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 7.

4.9 Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 4.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.12 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 and have been determined to range between five and ten years.

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. The useful life is reviewed at each reporting date and each has been determined to have an indefinite useful life.

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 of between two and five years.

4.10 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 4.11). 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: 3-15 years
- Plant & equipment: 2-10 years
- Motor vehicles: 4-5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

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

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.

4.11 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.

4.12 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 (CGUs). As a result, some assets are tested individually for impairment and some are tested at the CGU level. Goodwill is allocated to those CGUs or a group of CGUs 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.

CGUs or a Group of CGUs to which goodwill or indefinite life intangible assets has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. All other assets 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 assets, CGUs or a group of CGUs 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 CGU or group of CGUs 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 CGU or group of CGUs and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for CGUs or group of CGUs reduce first the carrying amount of any goodwill allocated to that CGU or group of CGUs. Any remaining impairment loss is charged pro rata to the other assets in the CGU or group of CGUs. 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 CGUs or group of CGUs recoverable amount exceeds its carrying amount.

4.13 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.

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.

Impairment of financial assets

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the 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.

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.

4.14 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.

4.15 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.

The Group is not tax consolidated.

4.16 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.

4.17 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.

4.18 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.

4.19 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). The share-based payment expense is recorded proportionately over the vesting period.

4.20 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.

4.21 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.

4.22 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.

4.23 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.

Identification of CGUs and allocation of goodwill to CGUs or Groups of CGUs

CGUs are identified by determining the smallest identifiable group of assets that generate largely independent cash inflows from other assets or groups of assets. Identifying those largely independent cash inflows requires significant judgement in assessing the Group's sources of revenue and how assets are utilised in generating those revenues. Goodwill is required to be allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. Significant judgement is required to assess which CGUs or groups of CGUs benefit from the synergies and thus determine how the goodwill is allocated.

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

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 4.12).

Useful lives of property, plant and equipment and definite life intangible assets

Management reviews its estimate of the useful lives of property, plant and equipment and definite life intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates may relate to technical obsolescence or some other event.

Customer relationships

Management estimates core customer revenue, customer attrition rates and revenue growth rates when valuing customer relationship intangible assets.

Identification of the core customer share of revenue requires management to estimate the percentage of recurring revenue that can be attributed to the customer relationship as opposed to other factors such as convenience of the location of the clinic. Estimation uncertainty exists in regard to the core revenue resulting from the calculated percentage of recurring customers.

Management estimates the attrition rate for customers through assessment of the historical attrition rates of the acquired customers. The estimates of attrition rates are uncertain to the extent that they may not reflect the historical attrition rates.

Management estimates the forecast revenue growth rate for acquired businesses by assessing historical performance of the acquired business and there is uncertainty that the future growth rates of the customer base do not reflect the estimate.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 4.3). 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.

5 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:

- Clinical Vet Services (formerly 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:

	2024 $'000	2023 $'000
Segment information		
Revenue from external customers	204,656	191,757
Segment operating costs	(189,492)	(182,493)
Segment adjusted operating profit before tax	**15,164**	**9,264**
Total reporting segment operating profit	15,164	9,264
Other income	174	318
Corporate overheads	(1,946)	(1,964)
Acquisition and integration costs	(190)	(416)
Restructure costs	(667)	(315)
Finance costs	(5,523)	(3,774)
Share of profit from equity accounted investments	50	53
Net profit before tax	**7,062**	**3,166**
Income tax	(2,154)	(995)
Net profit after tax	**4,908**	**2,171**

6 Revenue

	2024 $'000	2023 $'000
Sales revenue		
Goods transferred at a point in time	101,732	98,815
Services transferred over time	102,924	92,942
Total revenue	**204,656**	**191,757**

7 Expenses

Profit before income tax includes the following specific expenses:

	2024	2023
	$'000	$'000
Depreciation		
Leased buildings(i)	4,999	4,129
Leasehold improvements	783	606
Plant and equipment	2,593	2,366
Motor vehicles	1,395	1,074
Amortisation of intangibles	2,204	2,052
Total depreciation and amortisation	**11,974**	**10,227**

Right of use assets
(i)

	2024	2023
Finance costs		
Interest expense on borrowings	4,486	3,180
Interest expense on lease liabilities	1,037	594
	5,523	**3,774**
Share-based payments expense	550	568
Rental expense	562	613

8 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% (2023: 30%) and the reported tax expense in profit or loss are as follows:

	2024	2023
	$'000	$'000
Profit from continuing operations before income tax expense	7,063	3,166
Tax at the Australian tax rate of 30% (2023 - 30%)	2,119	950
Adjustments for non-deductible expenses:		
Sundry items	7	9
Income tax expense	**2,126**	**959**
Income tax expense	2,126	959
Adjustment for current tax in prior periods	28	36
Total current tax expense	**2,154**	**995**
Tax expense comprises		
Current tax expense/(benefit)	3,612	1,620
Deferred tax expense/(benefit)	(1,458)	(625)
Tax expense/(benefit)	**2,154**	**995**

Note 17 provides information on deferred tax assets and liabilities.

9 Cash and cash equivalents

	2024	2023
	$'000	$'000
Cash at bank and in hand	1,757	3,172
Cash and cash equivalents	**1,757**	**3,172**

10 Trade and other receivables

	2024	2023
	$'000	$'000
Trade receivables, gross	13,142	13,352
Less: allowance for expected credit losses	(666)	(642)
Other receivables	2	65
Rebates receivable	891	1,183
	13,369	**13,958**

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.

	2024	2023
	$'000	$'000
Balance at 1 July	642	503
Acquired through business combinations	7	113
Impairment loss	17	26
Balance 30 June	**666**	**642**

11 Inventories

	2024	2023
	$'000	$'000
Stock on hand, at cost	16,299	17,921
Less provision for obsolescence	(1,545)	(2,607)
Stock in transit, at cost	390	158
	15,144	**15,472**

12 Other current assets

	2024	2023
	$'000	$'000
Prepayments	1,837	1,700
Security deposits	403	430
	2,240	**2,130**

13 Property, plant and equipment

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

	Leased Buildings (i)	Leasehold improve-ments	Plant and equipment	Motor vehicles (ii)	Assets under construction	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 30 June 2023						
At cost	36,110	6,635	19,957	10,044	84	72,830
Accumulated depreciation	(10,707)	(1,502)	(10,799)	(6,010)	-	(29,018)
Net book value	**25,403**	**5,133**	**9,158**	**4,034**	**84**	**43,812**
Year ended 30 June 2024						
Opening net book value	25,403	5,133	9,158	4,034	84	43,812
Additions	11,018	981	1,832	1,982	(17)	15,796
Additions through business combinations	860	0	145	181	-	1,186
Depreciation charge	(4,999)	(784)	(2,593)	(1,395)	-	(9,771)
Closing net book value	**32,282**	**5,330**	**8,542**	**4,802**	**67**	**51,023**
At 30 June 2024						
Cost	47,835	7,591	18,249	11,670	67	85,412
Accumulated depreciation	(15,553)	(2,261)	(9,707)	(6,868)	-	(34,389)
Net book amount	**32,282**	**5,330**	**8,542**	**4,802**	**67**	**51,023**

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

14 Intangible assets

	Goodwill (i)	Customer Relation-ships (i)	Trademarks & Trade Names (i)	Capitalised develop-ment costs	Total
	$'000	$'000	$'000	$'000	$'000
At 30 June 2023					
Cost	145,311	17,658	3,183	3,313	169,465
Accumulated amortization and impairment	-	(3,995)	-	(1,856)	(5,851)
Carrying amount at 30 June 2023	**145,311**	**13,663**	**3,183**	**1,457**	**163,614**
At July 1 2023					
Opening net book value	145,311	13,663	3,183	1,457	163,614
Additions	-	-	-	90	90
Additions through business combinations	4,813	1,285	-	-	6,098
Amortisation	-	(1,803)	-	(400)	(2,203)
Closing net book value	**150,124**	**13,145**	**3,183**	**1,147**	**167,599**
At 30 June 2024					
Cost	150,124	18,944	3,183	1,789	174,040
Accumulated amortization and impairment	-	(5,799)	-	(642)	(6,441)
Net book value	**150,124**	**13,145**	**3,183**	**1,147**	**167,599**

14.1 Impairment testing

Goodwill is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes and does not exceed an operating segment before aggregation, being the Clinical Vet Services (formerly Dairy & Mixed), Feedlot and Pigs segments.

The recoverable amounts of the CGUs and groups of CGUs 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 terminal growth rates determined by management. The present value of the expected cash flows of each CGU or group of CGUs is determined by applying the following key assumptions:

	2024	2023
Annual sales growth Pig CGU %	3.00%	3.00%
Annual Sales growth Feedlot CGU %	3.00% to 4.50%	0.00% to 5.00%
Annual Sales growth Clinical Vet Services CGUs %	5.00%	5.00%
Annual operating expenses growth rate %	2.00 to 3.00%	2.00%
Long-term growth rate %	2.50%	2.50%
Post-tax discount rate %	11.20%	10.79%

	2024 $'000	2023 $'000
Goodwill allocation across CGUs or groups of CGUs	150,124	145,311

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 CGUs to exceed its recoverable amount.

14.2 Growth rates

The annual sales growth rate as per the table in 14.1, annual operating expense growth rate of 2% to 3% and the long-term growth rate of 2.5% reflect the average growth rates for the industry.

14.3 Discount rates

The post-tax discount rate of 11.20% reflects appropriate adjustments relating to market risk and other risk factors. The discount rate is applied to each CGU or Group of CGU's because they share common risks.

14.4 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 CGUs and groups of CGUs described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

The following is a summary of the CGUs or Groups of CGUs to which goodwill is allocated.

	Feedlot	Clinical Vet Services	Pig	Total
	$'000	**$'000**	**$'000**	**$'000**
Balance 1 July 2023	13,330	123,304	8,677	145,311
Acquisitions	-	4,813	-	4,813
30 June 2024	**13,330**	**128,117**	**8,677**	**150,124**

15 Lease liabilities

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

	2024	2023
	$'000	$'000
Lease liabilities (current)	5,913	4,984
Lease liabilities (non-current)	31,601	24,043
	37,514	**29,027**

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 2024 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 2024							
Lease payments	7,231	6,700	6,564	6,206	4,712	11,479	42,892
Finance charges	(1,318)	(1,107)	(903)	(683)	(505)	(862)	(5,378)
Net present values	**5,913**	**5,593**	**5,661**	**5,523**	**4,207**	**10,617**	**37,514**

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:

	2024	2023
	$'000	$'000
Short term leases	489	525
Leases of low value assets	73	88
	562	**613**

16 Commitments

	2024	2023
	$'000	$'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	222	1,198

17 Deferred tax assets and liabilities

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

	2024 $'000	2023 $'000
The balance of deferred tax assets and liabilities comprises temporary differences attributable to:		
Current assets		
Trade and other receivables	205	198
Inventory	680	994
Non-current assets		
Property, plant & equipment	(3,034)	(3,977)
Intangible assets	(4,894)	(5,047)
Current liabilities		
Trade and other payables	-	24
Provisions	3,905	3,421
Other		
Unused tax losses	3,669	3,411
Listing and acquisition costs	669	635
Equity raising costs	145	228
	1,345	**(113)**
Deferred tax assets	4,372	3,605
Deferred tax liabilities	(3,027)	(3,718)

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	Trade receiv- ables $'000	Listing & acquis- ition costs $'000	Equity raising costs $'000	Invento ry $'000	Trade and other payables $'000	Property, plant & equipment $'000	Intangible assets $'000	Total $'000
At 1 July 2022	2,393	2,999	161	572	312	237	-	(2,216)	(3,626)	832
(Charged)/credited: to P&L	1,018	422	37	63	(84)	757	24	(1,761)	(1,421)	(945)
at 30 June 2023	**3,411**	**3,421**	**198**	**635**	**228**	**994**	**24**	**(3,977)**	**(5,047)**	**(113)**
(Charged)/credited: to P&L	258	484	7	34	(83)	(314)	(24)	943	153	1,458
At 30 June 2024	**3,669**	**3,905**	**205**	**669**	**145**	**680**	**-**	**(3,034)**	**(4,894)**	**1,345**

18 Trade and other payables

	2024	2023
	$'000	$'000
Trade payables	6,078	6,317
Sundry payables and accrued expenses	6,832	6,118
	12,910	**12,435**

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

	2024	2023
	$'000	$'000
Current tax payable	**1,333**	**889**

20 Borrowings

	2024	2023
	$'000	$'000
Current:		
Bank loans (a)	-	2,956
less capitalized costs	-	(22)
Total current borrowings	**-**	**2,934**
Non-current		
bank loans (a)	64,280	66,066
less capitalized costs	(15)	-
Total non-current borrowings	**64,265**	**66,066**

Refer to Note 34 for information on financial instruments.

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

	2024	2023
	$'000	$'000
Bank loans	64,280	69,022
Less capitalised borrowing costs	(15)	(22)
	64,265	**69,000**

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.

Banking covenants

The financial covenants that must be complied with applicable to bank facilities are:

- Maximum gearing ratio, defined as the ratio of Net Debt divided by Net Debt plus Equity, is to be no greater than 45% as of the 30th June each financial year, with
    - Net Debt meaning the amount owing (excluding AASB16 leases) less cash and cash equivalent: and
    - Equity meaning total assets minus total liabilities.
- Maximum operating leverage ratio, defined as the ratio of Net Debt divided by EBITDA, is to be no greater than 3.5x as of the 30th June each financial year, with
    - EBITDA meaning earnings before interest, tax, depreciation and amortisation, excluding any one-off acquisition and integration/system expenses

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:

	2024 $'000	2023 $'000
Total facilities		
Bank - term loan facilities	100,000	100,000
Bank - master asset finance agreement for equipment finance	4,500	4,500
Bank - overdraft facility	500	500
Bank - credit card facility	500	500
Bank – guarantee facility	690	-
	106,190	**105,500**
Used at reporting date		
Bank - term loan facilities	64,280	69,022
Bank - master asset finance agreement for equipment finance	4,295	2,875
Bank – guarantee facility	229	-
	68,804	**71,897**
Unused at reporting date		
Bank - term loan facilities	35,720	30,978
Bank - master asset finance agreement for equipment finance	205	1,625
Bank - overdraft facility	500	500
Bank - credit card facility	500	500
Bank – guarantee facility	461	-
	37,386	**33,603**

21 Employee benefit obligations

	2024 $'000	2023 $'000
Leave obligations current	11,400	10,677
Leave obligations non-current	611	543
	12,011	**11,220**

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 $11,400 (2023: $10,677) 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

	2024 $'000	2023 $'000
Contract liability	1,767	1,219
Make good provision	416	127
	2,183	**1,346**

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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.

	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Shares issued and fully paid				
· beginning of the period	177,959,623	166,388,823	134,840	127,249
· shares issued as consideration for business acquisitions	-	11,021,249	-	7,119
· issued under dividend reinvestment plan	1,433,667	33,475	478	25
· employee shares issued	518,411	516,076	451	447
Shares issued and fully paid	**179,911,701**	**177,959,623**	**135,769**	**134,840**
Total shares authorised at the end of the period	**179,911,701**	**177,959,623**	**135,769**	**134,840**

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

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 2022	(26,692)	(6,615)	871	(19)	(32,455)
Employee share plan incentive	-	-	122	-	122
Foreign currency translation	-	-	-	25	25
Balance at 30 June 2023	**(26,692)**	**(6,615)**	**993**	**6**	**(32,308)**
Employee share plan incentive	-	-	100	-	100
Foreign currency translation	-	-	-	(4)	(4)
Balance at 30 June 2024	**(26,692)**	**(6,615)**	**1,093**	**2**	**(32,212)**

25 Non-controlling interests

	2024	2023
	$'000	$'000
Issued capital	140	140
Current year earnings	(23)	(106)
Retained profits carried forward	(112)	(6)
Total non-controlling interests	**5**	**28**

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.

	2024	2023
	$'000	$'000
Profit attributable to Owners of Apiam Animal Health Limited	4,931	2,277
	4,931	**2,277**

The weighted average number of shares for the purposes of calculating basic and diluted earnings per share are as follows:

	2024	2023
	Number	Number
weighted average number of shares used in basic earnings per share	178,512,336	175,031,496
weighted average number of performance rights	3,476,858	2,730,416
weighted average number of shares used in diluted earnings per share	**181,989,193**	**177,761,912**
Basic earnings per share (cents)	2.76	1.30
Diluted earnings per share (cents)	2.71	1.28

26.2 Dividends

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

	2024	2023
	$'000	$'000
fully franked final dividend (0.4 cents a share)	-	697
fully franked interim dividend (1.0 cents a share)	1,800	-
	1,800	**697**

26.3 Franking credits

	2024	2023
The amount of the franking credits available for subsequent periods:	$'000	$'000
Balance at the end of the reporting period	15,908	12,528
Franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	(771)	(305)
franking credits that will arise from the payment of the amount of provision for income tax	1,333	889
	16,470	**13,112**

27 Reconciliation of cash flows from operating activities

(a) Reconciliation of cash flows from operating activities	2024	2023
Cash flows from operating activities	**$'000**	**$'000**
Profit for the period	4,908	2,171
Adjustments for:		
· depreciation and amortisation expense	11,974	10,227
· doubtful debt expense	272	233
· obsolete stock provision	(1,061)	2,464
· amortisation of borrowing costs	7	6
· profit on sale of fixed assets	(174)	(318)
· share benefits expense	551	570
· share of profit in equity accounted investments	(50)	(53)
·		
Net changes in working capital:		
· decrease/(increase) in trade and other receivables	441	2,028
· decrease/(increase) in inventories	1,549	1,166
· decrease/(increase) in other assets	(99)	(387)
· decrease/(increase) in deferred tax asset	(767)	853
· increase/(decrease) in trade and other payables	468	(246)
· increase/(decrease) in income tax payable	444	(1,411)
· increase/(decrease) in deferred tax liability	(1,016)	(1,478)
· increase/(decrease) in employee benefit obligations	599	522
· increase/(decrease) in other current liabilities	836	1,033
· increase/(decrease) in foreign currency translation reserve	(4)	25
Net cash received in operating activities	**18,878**	**17,405**

28 Employee remuneration

28.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

Employee benefits – expense	**2024**	**2023**
	$'000	**$'000**
Wages and salaries expense	81,814	75,567
Bonus expense	459	159
Share-based payment expense	550	568
Superannuation expense	7,842	6,550
Employee benefits expense	**90,665**	**82,844**

28.2 Share-based employee remuneration

As at 30 June 2024, 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 that takes into account factors specific to the performance conditions, such as the grant date, share price at grant date, vesting period, risk free rate, volatility and dividend yield. The performance rights will be issued at nil exercise price upon vesting.

The number of performance rights held by employees of the Group at 30 June 2024 is set out below:

Type	Balance at 1/07/2023	Granted	Vested and Exercised	Forfeited	Held as at 30/06/2024
Performance rights	2,739,687	2,883,892	(537,077)	(612,529)	4,473,973

29 Auditor remuneration

	2024	2023
	$	**$**
Audit services – Grant Thornton Audit Pty Ltd		
Remuneration for audit or review of financial statements	290,345	352,839
Other services – Grant Thornton		
• taxation services	-	2,120
• due diligence services	-	122,669
Total other services remuneration	**-**	**124,789**
Total auditor's remuneration	**290,345**	**477,628**

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.

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:

	2024	2023
	$	**$**
Short-term employee benefits:		
salaries including bonuses and non-monetary benefits	1,943,051	1,550,579
accrued annual leave entitlements	71,472	61,460
non-monetary benefits	22,643	15,602
Total short-term employee benefits	**2,037,166**	**1,627,641**
Long- term employee benefits:		
Accrued long service leave entitlements	77,838	59,768
Share based payments expense	46,528	47,283
Total long-term employee benefits	**124,366**	**107,051**
Post-employment benefits:		
superannuation	133,521	107,232
Total post-employment benefits	**133,521**	**107,232**
Termination benefits	63,618	-
Total remuneration	**2,358,671**	**1,841,924**

<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 $403,051 (2023: $378,303).

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 $147,708 (2023: $135,941).

The Group leases an artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $126,983 (2023: $119,186).

The Group leases an equine clinic facility at Beet Road, Maffra, Victoria. The premises are owned by an entity associated with Duncan Runciman. Rent payments made in FY24 amounted to $34,405 (2023: $32,712).

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

The Group applies the acquisition method in accounting for business combinations.

During the reporting period the Group acquired 100% of the business assets of Boyne Tannum Vet Surgery (BTVS) and acquired 100% of the issued share capital and voting rights of Macleay Valley Veterinary Services (MVVS). The acquisition of these veterinary businesses expands Apiam's presence in clinical vet services in regional New South Wales and Queensland.

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.

	BTVS $'000	MVVS $'000	Total $'000
Fair value of consideration transferred			
Amounts settled in cash	2,661	3,603	6,264
Total fair value of consideration transferred	**2,661**	**3,603**	**6,264**
Recognised amounts of identifiable net assets			
Cash and equivalents	-	1	1
Trade and other receivables	16	107	123
Inventories	68	92	160
Other assets	-	11	11
Total current assets	**84**	**211**	**295**
Customer relationships	574	711	1,285
Property, plant & equipment	302	884	1,186
Total non-current assets	**876**	**1,595**	**2,471**
Employee benefit obligations	39	129	168
Lease liabilities	-	122	122
Total current liabilities	**39**	**251**	**290**
Lease liabilities	174	502	676
Employee benefit obligations	8	16	24
Deferred tax liabilities	157	168	325
Total non-current liabilities	**339**	**686**	**1,025**
Identifiable net assets	**582**	**869**	**1,451**
Goodwill on acquisition	**2,079**	**2,734**	**4,813**
Net cash outflow on acquisition	**2,661**	**3,602**	**6,263**

32.1 Consideration transferred

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 amounting to $189,736 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated statement of profit of loss. Acquisition related costs were made up of state government transfer duties, legal, accounting and other miscellaneous expenses.

32.2 Identifiable net assets

The accounting for all business combinations has been finalised as at 30 June 2024.

The fair value of the trade and other receivables acquired as part of the business combinations amounted to $123,000 with a gross contractual amount of $130,000. As at the acquisition date, the Group's best estimate of the contractual cash flows not expected to be collected amounted to $7,000.

There were no contingent liabilities assumed from the acquisitions and no separate transactions.

32.3 Goodwill

The goodwill that arose on the combinations can be attributed to the synergies expected to be derived from the combination including implementation of the Groups programs, software systems, support networks, supply and employment contracts. Goodwill has been provisionally allocated to CGUs at 30 June 2024 and is attributable to the Clinical Vet Services (formerly Dairy & Mixed) segment. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

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 2024	2023
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	**100%**	100%
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%
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%**	100%
Agnes Banks Equine Clinic Pty Limited	Australia	Veterinary Services	**100%**	100%
North Hill Veterinary Clinic Pty Ltd	Australia	Veterinary Services	**100%**	100%
The Vet Practice Pty Ltd	Australia	Veterinary Services	**100%**	100%
Hunter Equine Centre Pty Ltd	Australia	Veterinary Services	**100%**	100%
Singleton Veterinary Hospital Pty Limited	Australia	Veterinary Services	**100%**	100%
Macleay Valley Veterinary Services Pty Ltd	Australia	Veterinary Services	**100%**	0%

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 2024, 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% (2023: +/- 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-24	**666**	**(666)**	**666**	**(666)**
30-Jun-23	555	(555)	555	(555)

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:

	2024 $'000	2023 $'000
Classes of financial assets:		
Cash and cash equivalents	1,757	3,172
Trade and other receivables	13,369	13,958
	15,126	**17,130**

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 10) based on past due amounts and prior trading history. The amounts at 30 June analysed by the length of time past due, are:

	2024 $'000	2023 $'000
Past due under 30 days	2,449	1,889
Past due 30 days to under 60 days	578	584
Past due 60 days and over	1,299	1,437
Total	**4,326**	**3,910**

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 2024, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 6 months $'000	6 - 12 months $'000	1 - 4 years $'000
30 June 2024			
Bank borrowings	-	-	64,265
Trade and other payables	12,910	-	-
Total	**12,910**	**-**	**64,265**

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

	Within 6 months $'000	6 - 12 months $'000	1 - 4 years $'000
30 June 2023			
Bank borrowings	2,934	-	66,066
Trade and other payables	12,435	-	-
Total	**15,369**	**-**	**66,066**

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

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	95%	-

Level 3 Fair value measurements

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

	Contingent consideration	
	2024 $'000	**2023 $'000**
Balance at 1 July	-	190
Contingent consideration for acquisitions / (released to profit and loss)	-	(190)
Balance at 30 June	**-**	**-**

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) which is in line with the covenants of its banking facilities.

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:

	2024 $'000	2023 $'000
Total equity	122,029	117,896
Cash and cash equivalents	1,757	3,172
Capital	**123,786**	**121,068**
Total equity	122,029	117,896
Borrowings	64,265	69,000
Overall financing	**186,294**	**186,896**
Capital-to-overall financing ratio	**66%**	**65%**

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'):

	2024 $'000	2023 $'000
Statement of financial position		
Current assets	1,733	2,628
Total assets	196,787	197,496
Current liabilities	4,512	6,977
Total liabilities	71,979	75,251
Net assets	122,029	117,896
Issued capital	135,448	134,519
Share based payment reserve	1,093	993
Retained earnings / (Accumulated losses)	(14,512)	(17,616)
Total equity	122,029	117,896
Statement of profit or loss and other comprehensive income		
Profit for the year	2,434	2,682
Other comprehensive income	50	53
Total comprehensive income	2,484	2,735

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 2024 (2023: $nil).

38 Post-reporting date events

The Apiam Board of Directors have declared the Company's final dividend of 1 cent per share fully franked on 23 August 2024. The final dividend of $1,814,391 will be paid on 30 September 2024.

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 Legislative Instrument 2016/785 issued by the Australian Securities and Investments Commission. No entities were added or removed during the financial year.

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

	2024 $'000	2023 $'000
Continuing operations		
Revenue	137,811	132,220
Other income	156	322
Expenses		
Changes in inventory	538	(2,549)
Cost of materials	(43,018)	(43,602)
Employee benefit expenses	(64,892)	(59,945)
Depreciation of property, plant and equipment	(7,943)	(7,038)
Other operating expenses	(12,112)	(12,836)
Finance costs	(5,026)	(3,519)
Share of profit from equity accounted investments	50	53
Profit/(loss) before income tax	**5,564**	**3,106**
Income tax (expense)/benefit	(1,638)	(1,030)
Profit from continuing operations	**3,926**	**2,076**
Profit for the year	**3,926**	**2,076**

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

Statement of Financial Position as at 30 June 2024	**2024 $'000**	**2023 $'000**
Assets		
Current assets		
Cash and cash equivalents	1,391	2,716
Trade and other receivables	11,848	13,571
Inventories	11,171	10,866
Other current assets	1,977	1,820
Total current assets	**26,387**	**28,973**
Non-current assets		
Intangible assets	166,795	161,716
Property, plant and equipment	34,472	28,786
Investments	271	270
Deferred tax assets	2,558	2,355
Total non-current assets	**204,096**	**193,127**
Total assets	**230,483**	**222,100**
Current liabilities		
Trade and other payables	11,721	10,597
Amounts payable to vendors for business acquisitions	1,562	1,321
Current tax liabilities	1,086	862
Borrowings	-	2,934
Lease liabilities	4,608	3,870
Provisions	8,482	7,750
Total current liabilities	**27,459**	**27,334**
Non-current liabilities		
Borrowings	64,265	66,066
Lease liabilities	22,592	17,219
Provisions	412	388
Deferred tax liabilities	1,068	1,661
Total non-current liabilities	**88,337**	**85,334**
Total liabilities	**115,796**	**112,668**
Net assets	**114,687**	**109,432**
Equity		
Equity attributable to owners of the parent		
- share capital	134,104	133,174
- corporate reorganization reserve	1,093	993
- share based payment reserve	(26,692)	(26,692)
- non-controlling interest acquisition reserve	(6,610)	(6,587)
- retained earnings	12,792	8,544
Total Equity	**114,687**	**109,432**

Consolidated Entity Disclosure Statement

Name of Entity	Type of Entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purpose)	Foreign tax jurisdiction(s) of foreign residents
Apiam Animal Health Limited	Body Corporate	n/a	n/a	Australia	Australian	n/a
AAH - Bell Vet Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
AAH Clinics NSW & QLD Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
AAH Veterinary Clinics Pty Ltd	Body Corporate	n/a	80	Australia	Australian	n/a
AAH Veterinary Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Agnes Banks Equine Clinic Pty Limited	Body Corporate	n/a	100	Australia	Australian	n/a
Animal Consulting Enterprises Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Apiam Logistics Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Apiam Management Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Apiam Solutions LLC	Partnership	n/a	51	United States of America	Foreign	United States of America
Chris Richards & Associates Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Country Vet Wholesaling Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
CrosVet Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
CVH Gippsland Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
CVH Southern Riverina Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Fur Life Foundation Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Gympie & District Veterinary Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Hunter Equine Centre Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Macleay Valley Veterinary Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
McAuliffe Moore & Perry Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
North Hill Veterinary Clinic Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Pork Storks Australia Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Portec Veterinary Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Quipolly Equine Centre Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Quirindi Feedlot Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Quirindi Veterinary Clinic Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Scottsdale Veterinary Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Singleton Veterinary Hospital Pty Limited	Body Corporate	n/a	100	Australia	Australian	n/a
Smithton Veterinary Service Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
South Yarra Pharma Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Southern Cross Feedlot Services Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Tasvet Wholesale Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
The Trustee for Grampians Animal Health Unit Trust	Trust	Trustee	100	Australia	Australian	n/a
The Vet Practice Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Warrnambool Veterinary Clinic Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a
Westvet Wholesale Pty Ltd	Body Corporate	n/a	100	Australia	Australian	n/a

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the *Income Tax Assessment Act 1997* are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

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 2024 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 2024.

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

4 The consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
23 August 2024

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
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Melbourne VIC 3001

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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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

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 14	
At 30 June 2024 the carrying value of goodwill, customer relationships and trademarks is $150.1M, $13.1M and $3.2M respectively, and is allocated to two separate cash generating units ("CGU") and one group of cash-generating units ("CGU group"). In accordance with AASB 136 *Impairment of Assets*, the Group is required to assess at the end of each reporting period whether there are any indicators of impairment. Goodwill must be tested for impairment annually, irrespective of any indication of impairment. This is a key audit matter due to the high level of management judgment and estimation required to determine the recoverable value of the CGU's and CGU group.	Our procedures included, amongst others: • Documenting our understanding of the internal processes and controls in relation to the valuation of intangible assets; • Assessing the design and implementation of relevant control(s) in relation to the valuation of intangibles assets; • Assessing management's determination of CGUs based on the nature of the business and how independent cash flows are generated; • Reviewing management's allocation of intangible assets resulting from acquisitions; • Assessing management's impairment assessment for compliance with AASB 136 and evaluating the reasonableness of key assumptions including discount rate, growth rate and forecast assumptions; • Verifying the mathematical accuracy of the underlying value in use calculations and evaluating the methodology used for appropriateness; 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 annual report for the year ended 30 June 2024, 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.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of 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: http://www.auasb.gov.au/auditors_responsibilities/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 the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Apiam Animal Health Limited, for the year ended 30 June 2024 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

A C Pitts
Partner – Audit & Assurance

Melbourne, 23 August 2024

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 22 July 2024 (**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 (Fourth 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	42,400,000	23.37%
PETSTOCK INVESTMENTS PTY LTD	Ordinary Shares	21,240,500	12.30%
REGAL FUNDS MANAGEMENT PTY LIMITED AND ITS ASSOCIATES	Ordinary Shares	20,136,315	11.19%

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 quoted on ASX	178,798,763
Fully paid ordinary shares restricted until 1 November 2024 and quoted on ASX	341,924
Fully paid ordinary shares restricted until 9 December 2024 and quoted on ASX	311,750
Fully paid ordinary shares restricted until 3 February 2025 and quoted on ASX	1,986,676
Total restricted ordinary shares	**2,640,350**
Total Ordinary Shares on issue	**181,439,113**
Performance Rights	4,430,570

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 1,749 holders of a total of 181,439,113 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	308	183,403	0.10
1,001 – 5,000	532	1,300,608	0.72
5,001 – 10,000	263	1,997,892	1.10
10,001 – 100,000	483	15,897,401	8.76
100,001 – 999,999,999	167	162,059,809	89.32
Totals	**1,753**	**181,439,113**	**100.00**

Distribution of performance rights holders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	30	1,643,862	37.10
100,001 – 999,999,999	15	2,786,708	62.90
Totals	**45**	**4,430,570**	**100.00**

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 ($0.355) is as follows:

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
181,439,113	326,188	429	0.18%

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>	36,661,071	20.21%
PETSTOCK INVESTMENTS PTY LTD	21,240,500	11.71%
UBS NOMINEES PTY LTD	10,947,749	6.03%
CITICORP NOMINEES PTY LIMITED	8,228,248	4.53%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,363,296	1.85%
3FJ PTY LTD <FOJO SUPER FUND A/C>	3,138,174	1.73%
MR BRIAN SCUTT	2,728,822	1.50%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,682,139	1.48%
CJOEA FAMILY COMPANY PTY LTD <RICHARDS FAMILY A/C>	2,655,767	1.46%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,977,759	1.09%
COBASH PTY LIMITED <J & S WRIGHT FAMILY A/C>	1,872,006	1.03%
MR ROGER CHARLES CARMODY & MRS MARIS MOORE CARMODY <SANDRIDGE S/F A/C>	1,742,791	0.96%
JINLAND PTY LTD <JINLAND FAMILY A/C>	1,740,000	0.96%
OREM HOLDINGS PTY LTD	1,669,306	0.92%
HAMILTON ANIMAL HEALTH PTY LTD	1,564,270	0.86%
CERTANE CT PTY LTD <APIAM ANIMAL EST UNALLO AC>	1,484,009	0.82%
FERGUS MACBETH HAY	1,446,946	0.80%
FOUR POST INVESTMENTS PTY LTD <JOHNSTONE INVESTMENT A/C>	1,386,700	0.76%
MRS RACHEL LOUISE O'MEARA	1,377,888	0.76%
SIMON JAMES ROBINSON	1,347,657	0.74%
MICHAEL JAMES WHITEFORD	1,347,657	0.74%
SARAH LEONNIE JALIM	1,347,657	0.74%
Total Securities of Top 20 Holdings	**111,950,412**	**61.70%**
Total of Securities	**181,439,113**	**100.00%**

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 8, 210 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

2,640,350 Ordinary Shares ae subject to Voluntary Escrow. The number of securities and end dates of escrow period are shown above.

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	4,430,570	45

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 Richard Dennis	Non-Executive Director
Dr Jan Tennent	Non-Executive Director
Evonne Collier	Non-Executive Director

COMPANY SECRETARY
Eryl Baron

REGISTERED OFFICE
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Level 8, 210 George Street
Sydney NSW 2000
T 1300 737 760

STOCK EXCHANGE LISTING
Australian Securities Exchange
Level 50, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000

ASX CODE
AHX

WEBSITE
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Apiam
animal health