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 2018
Previous period:	For the year ended 30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET
Statutory Results Summary

	CHANGES FROM PERIOD ENDED 30 JUNE					
				2018		**2017**
		%		**$m**		**$m**
Revenue from ordinary activities	up	**9**	to	**106.6**	from	**98.0**
Net profit attributable to members	down	**33**	to	**3.3**	from	**4.9**
Profit from ordinary activities after tax attributable to members	down	**33**	to	**3.3**	From	**4.9**
Underlying EBITDA (Incl. non-controlling interests)	Up	**17**	to	**9.8**	From	**8.3**

Underlying EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) is Management's preferred measurement of business profitability and excludes one-off corporate restructuring costs as well as integration, IT system 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
2018 Interim Dividend	0.8 cents	0.8 cents
2018 Final Dividend (declared after balance date but not yet paid)	0.8 cents	0.8 cents
Record date for determining entitlements to the dividend:	20 September 2018	
Date dividend payable:	26 October 2018	

Dividend reinvestment plans

The Company initiated a Dividend Reinvest Plan (**DRP**) on the 25 August 2017 which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. Shareholders electing to participate must nominate by 27 September 2018.

Shareholders who elect to participate in the DRP for the 2018 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 28 September 2018 and 4 October 2018 ('**Pricing Period**'). The timetable in respect of the 2018 final dividend and DRP is as follows:

Event / Action	**Date***
Record Date	20 September 2018
Election Date: Last date for shareholders to make an election to participate in the DRP	5.00 pm (Melbourne time) on 27 September 2018
Pricing Period Commencement Date	28 September 2018
Last Day of Pricing Period	4 October 2018
Announcement of DRP issue price	5 October 2018
Dividend Payment Date / Issue of DRP shares	26 October 2018

**All dates are subject to change*

Details of the DRP can be downloaded from www.apiam.com.au. In order to participate in the DRP for the 2018 final dividend, shareholders should ensure that their DRP Election Form is received, or an online election is made, by no later than 5.00 pm (Melbourne time) on 27 September 2018. An online election can be made by visiting www.boardroom.com.au.

Net Tangible Asset per Security

	2018	2017
Net Tangible assets per share	-$0.06	-$0.04

Return to shareholders

Dividends of $1,627,151 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 Notes 31 and 32 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 2 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 2018 Annual Report (which includes the Directors' Report) which accompanies this Appendix 4E.

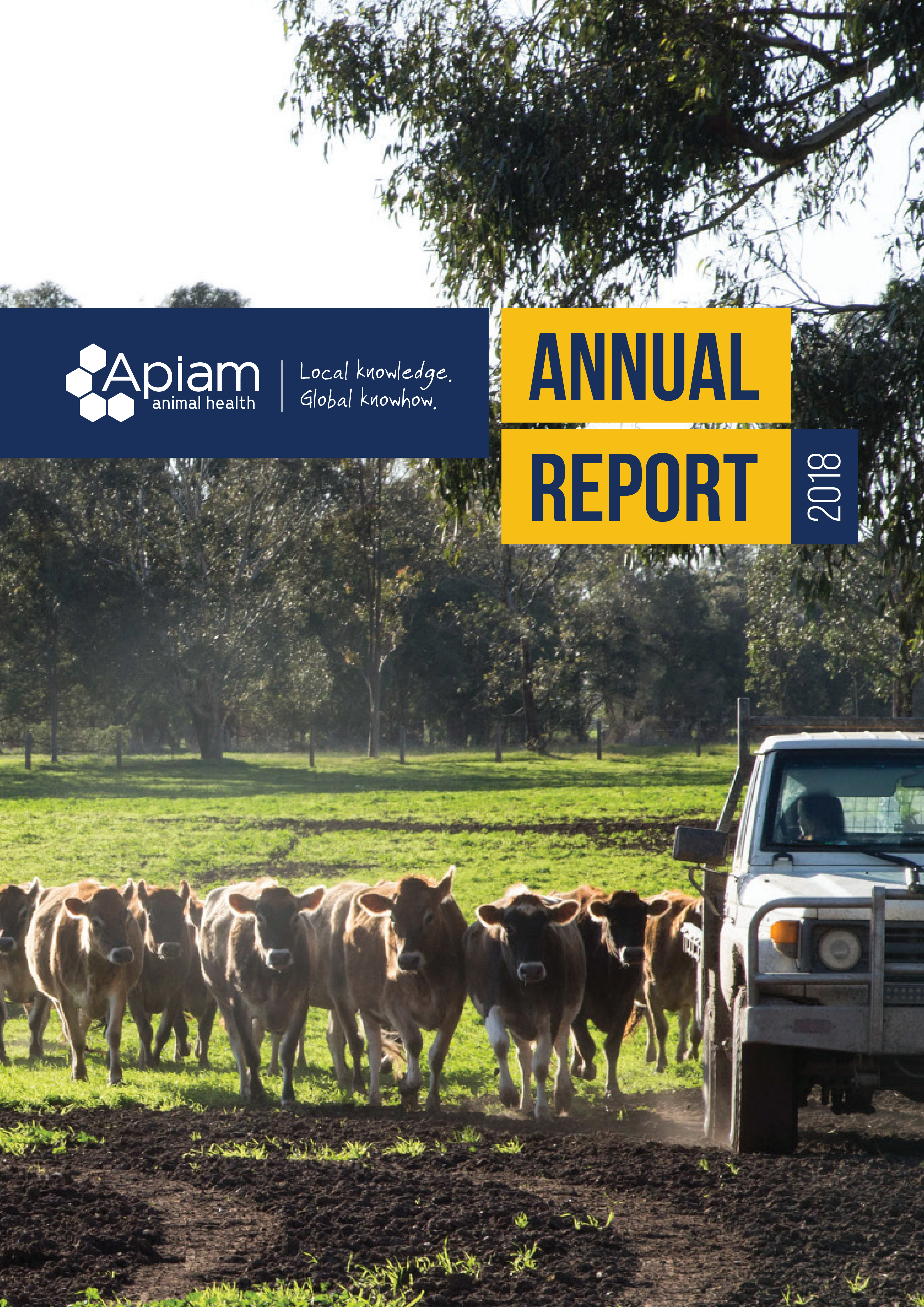
Accounting Standards

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

Apiam animal health

Local knowledge. Global knowhow.

ANNUAL REPORT 2018



CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Sophie Karzis

REGISTERED OFFICE

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

AUDITORS

Grant Thornton Australia
The Rialto, Level 30
525 Collins Street
Melbourne VIC 3000

BANKERS

National Australian Bank
Level 1, 55 Mitchell Street
Bendigo VIC 3550

SHARE REGISTRY

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

STOCK EXCHANGE LISTING

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

ASX CODE

AHX

WEBSITE

apiam.com.au

Contents

Chairman's Message

Dear Shareholder,

In our third year since forming, Apiam achieved a number of significant milestones and completed important acquisitions and business development initiatives that are expected to deliver sustainable growth in earnings and shareholder returns.

The solid revenue growth - both in absolute terms and on a like-for-like basis, the improved underlying earnings margin and the strong cash flow generation that Apiam experienced in 2018 are important indicators that our strategic plan is delivering results. We can expect further financial benefits from our strategic plan as Management roll-out the third phase in the year ahead.

Apiam's significant investment in establishing an extensive corporate operating infrastructure is now starting to generate returns. Early stage cost efficiencies are being realised across the Group, and this has resulted in Apiam reporting strong underlying earnings growth over the past year. The final, but critical, piece of our expanded operating infrastructure, our Practice Management System, is currently being rolled out. Full implementation of this system will be a very important milestone for Apiam, and is expected to result in additional revenues and cost improvements at an individual clinic, region and segment level, with meaningful financial benefits expected to flow through in the 2019 financial year.

Our cash flow generation has also been strong during the past twelve months, with cash flows from operations funding most of our business re-investment, particularly our acquisitions and capital expenditure program. We expect that Apiam's cash flow generation will continue to be strong in the year ahead, allowing continued investment in growth opportunities and shareholder returns.

Business development & strategy

Improving Apiam's business balance and diversification of revenue sources has been a key business goal since we listed in late 2015. Since then, Apiam has successfully transitioned from an intensive agricultural-focused practice to a diversified regional and rural practice, with leading expertise across the production and companion animal sectors. Our strategic acquisition program, which this year saw us acquire three complementary veterinary businesses in Victoria and South-East Queensland, has been an important driver of business diversification, with each business bringing new geographic exposures or increased veterinary expertise in a mix of animal species. We continue to identify and assess acquisition opportunities using a very disciplined process, and expect to make further acquisitions during the coming year.

Our joint venture with PETstock, targeting fast growth and under-serviced companion animal locations, will also improve business balance and offers our shareholders a capital efficient method of entering new and attractive companion animal markets.

As the animal numbers under Apiam's management continue to grow, the opportunities for high-value product distribution across our animal network also grows. Our recently announced exclusive distribution agreement with Plumbline Life Sciences is an early example, and we believe it represents a significant opportunity for Apiam to be at the forefront of product innovation within the farming sector, particularly as the industry looks to more sustainable practices and to reduce the use of antimicrobials. We will be assessing new and innovative product opportunities in the year ahead and believe product distribution offers Apiam shareholders strong gross margin opportunities.

Board renewal

In November 2017, Charles Sitch announced his intention to resign from the Board of Apiam at the 2018 Annual General Meeting. On behalf of the Board, Management, employees and shareholders of Apiam, I thank Charles for his significant contribution to Apiam's journey from a newly listed company to the larger, more established and diversified group that we are today.

As part of this Board renewal process, an extensive search was conducted to appoint a new Non-Executive Director and on 1 August 2018, we were very pleased to announce the appointment of Professor Jan Tennent to the Apiam Board. Professor Tennent has extensive experience and is an internationally-recognised specialist in antibiotic resistance mechanisms and in the development and commercialisation of vaccines. Professor Tennent's expertise will be extremely valuable to Apiam as we expand our product range in new and innovative areas and we look forward to working with her in the year ahead.

Dividend

Due to the strength of Apiam's cash flow performance, the Board have declared a fully-franked final dividend of 0.8 cents per share, bringing the full year dividend to 1.6 cents per share. Our Dividend Reinvestment Plan will also continue to allow shareholders to reinvest their dividend in the Company's future growth.

Finally, I thank all my fellow Board members and the entire Apiam team for their dedication and hard work over the past year. I also thank Apiam's shareholders for their continued support.

The Board and Management look forward to building on the achievements and foundations put in place during the past two years and as a team we will be focused on delivering growth in shareholder value as we embark on a new financial year.

Yours sincerely,

Andrew Vizard

Professor Andrew Vizard

Managing Director's Message

Dear Shareholder,

Apiam continued to progress and grow its regional and rural services model during FY2018.

Over the financial year, we added six new regional clinics to our network. Apiam now has 43 clinics located throughout Australia, employing more than 150 veterinarians. Our corporate operating infrastructure will be complete following the roll out of our Practice Management System and is already generating early stage operating cost efficiencies across the Group.

Our strategic roadmap has put Apiam in a strong position to further leverage our performance and deliver additional growth as we move into the 2019 financial year.

FY2018 financial performance

Apiam's revenue for the 12 months to 30 June 2018 was $106.6 million, an 8.8% increase compared to the previous financial year. Revenue growth excluding the impact of acquisitions was 4.0%, with each animal division recording underlying revenue growth despite some industry challenges being experienced, particularly within the pig and beef feedlot segments. Apiam's ongoing organic growth, in the face of these industry challenges, further demonstrates the robustness and diversity of our business model, which has operations across a number of geographic locations and provides a variety of services to a range of animal species in both the production and companion animal sectors.

Apiam has delivered growth in its gross margins as well as in its underlying EBITDA and its EBIT margins over the period. The 17.3% growth in underlying EBITDA (excluding one-off costs and income) was a result of the combination of Apiam's investment in its corporate operating infrastructure delivering efficiencies during the period and improved revenue.

Apiam reported increased depreciation & amortisation expense in FY2018 to $2.4 million (FY2017: $1.6 million), in-line with the capital investments in our fixed asset base for our enlarged group. These capital investments in assets, such as vehicles and IT infrastructure, bring us near to completion of replacement of legacy assets acquired as part of the initial clinic acquisitions that occurred at the time of Apiam's listing. Total one-off expenses also increased in FY2018 to $1.6 million (FY2017: $1.0 million), mostly as a result of non-recurring corporate restructuring costs to drive growth opportunities, such as appointing dedicated business managers in both Dairy and

Mixed Clinics and the Pig and Feedlot segments. These dedicated business managers are focused on maximizing the benefits from our recent investments across the enlarged business and will deliver on a number of exciting growth initiatives, as well as ensuring further efficiency improvements.

Underlying Net Profit After Tax (NPAT) in FY2018 was $4.4 million (before one-off costs), representing a small increase from the prior comparable year (FY2017: $4.3 million). This result was affected by the increased depreciation and amortisation charge outlined above. Reported NPAT was $3.3 million in FY2018, 11.2% lower than operating NPAT achieved in FY2017 (FY2017: $3.7 million, excluding $1.2 million of non-operating income). This disappointing result is mainly attributed to the impact of the increased depreciation and amortisation charge, as well as the increased one-off expenses incurred in FY2018. In FY2019, Management will be focused on delivering growth in reported NPAT that better reflects the growth at the revenue, gross profit and EBITDA levels.

Strategic update

We successfully executed most of our planned business development initiatives and acquisition strategies in FY2018, and believe this strategic progress will generate significant value for the Group moving forward.

In February 2018, Apiam announced that it had entered into a Joint Venture alliance agreement with PETstock, a leading specialist petcare provider. Under the agreement, Apiam and PETstock will open a number of new veterinary clinics to be co-located at various PETstock retail outlets. The co-located clinics will be jointly owned, with Apiam as an 80% shareholder and PETstock as a 20% shareholder. The first co-located clinic, the General Practice, Emergency and Referral Centre at PETstock's superstore in Bendigo (Epsom), opened in March 2018, and has outperformed early stage revenue expectations, achieving around double the amount of revenue forecast for its first quarter of operations. A second co-located clinic opened at PETstock Golden Square in mid-August 2018, with additional clinics to be rolled out in targeted regional and rural locations throughout FY2019.

During the last 12 months we have made some important announcements relating to expansion of our product distribution, which presents a valuable growth opportunity for Apiam. In July 2018, we announced that the Company had entered into an exclusive distribution agreement with Plumbline Life Sciences to licence its patented immunotherapy technology products. The first product, Life Tide SW5, is already approved in Australia & New Zealand for use in sows to increase the number of pigs weaned and we will initially be conducting a limited market release across our client base next quarter. Trials have also shown many other benefits, including increased milk yield and fertility in cows, and improvements in pre-weaning mortality in pigs from treated sows. Apiam will also be applying to broaden the current product registration to apply to progeny pigs and will seek registration of a new technology, PLS-B3000 for use in dairy cows in Australia and New Zealand. Given the size of Apiam's client base within these species, the distribution of an innovative product such as Life Tide SW5 represents a significant market opportunity for Apiam.

In addition, we have also recently set up a distribution company in the USA with a joint venture partner, Swine Veterinary Centre (SVC), who is also one of our key shareholders. SVC are one of the most well known swine veterinary groups in the world, servicing a significant percentage of the USA market as well as consulting in a number of other countries. The partnership between Apiam and SVC will initially see products currently distributed by Apiam in Australia, including some of our private label products, being distributed in the USA, with products expected to start flowing into the market in the second quarter of FY2019.

Overall, we expect product distribution will contribute more significantly to our profitability in FY2019 and beyond.

Acquisitions

As in previous years, acquisitions have also continued to form a core part of our growth strategy in FY2018. Our focus with acquisitions is to bolt-on complementary businesses that leverage our cost base and infrastructure, and at the same time, provide a new geographic exposure or introduce a new specialized offering to our client base. Over the financial year we acquired three veterinary businesses, comprised of five different clinic locations. We identified these three acquisitions as meeting our strategic objectives and representing financially attractive opportunities for Apiam shareholders. Details of these acquisitions are provided below.

Apiam acquired the Terang and Mortlake Veterinary Clinic (TMVC) in November 2017 for a total consideration of $1.6m. TMVC operates as two rural vet practices in Western Victoria with a strong dairy practice offering, as well as an active presence across beef, equine and companion animals. This acquisition was attractive because it strengthened Apiam’s presence in an important and productive beef and dairy region. Since acquisition, this clinic has performed very well and delivered strong revenue growth as part of our south west Victorian region.

In March 2018, Apiam acquired Passionate Vetcare a regional veterinary clinic based in the north west of Bendigo, Victoria for total consideration of $0.75m. Passionate Vetcare is predominantly a companion animal veterinary practice, with some exposure to pigs and mixed animals. This acquisition was strategically important to support the opening of Apiam’s Bendigo General Practice, Emergency & Referral Centre, servicing the Central Victorian region.

Apiam also completed the acquisition of the south east Queensland based Gympie and District Veterinary Services (GDVS) for $4.9m in June 2018. GDVS is a diversified practice servicing agricultural & companion animals and was comprised of two clinics in a fast-growth and underserviced region of rural Queensland. Following the acquisition, GDVS now operates on a regional basis with Apiam’s two existing Queensland dairy and mixed animal clinics as part of an expanding footprint in the region. There are significant synergy opportunities that Apiam can achieve by operating its Regional Operating model in this key production and mixed animal region of Queensland.

Outlook

Apiam's business model is uniquely positioned to capture underlying industry growth, in the attractive regional and rural production and companion animal industries.

In FY2019, we will be continuing to focus on delivering growth across all of Apiam's business divisions. In particular, we will be focused on three key business drivers to maximize performance being: i) improving operations, process & capacity, ii) increasing animal numbers and iii) continued expansion of our services and product range. Improvements and efficiencies achieved in any of these key business drivers can be leveraged across our entire network.

Our strong acquisition program is expected to continue, seeking acquisition opportunities that have clear synergistic value. The business development initiatives I have outlined will also be rolled-out over FY2019 and are expected to drive additional revenue streams.

Successful execution of this strategy will result in improving shareholder value by maintaining high cash conversion to fund growth, improving our return on capital and delivering growth to the reported NPAT line.

I thank our investors for their support, as well as our talented and dedicated team for their work on executing our strategy.

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 2018.

DIRECTORS

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

Professor Andrew Vizard	Non-Executive Chairman
Dr Christopher Richards	Managing Director
Mr Michael van Blommestein	Non-Executive Director
Mr Richard John Dennis	Non-Executive Director
Mr Charles Sitch	Non-Executive Director
Professor Jan Tennent	Non-Executive Director (appointed 1 August 2018)

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 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. In the previous 3 years, Professor Vizard was a non-executive director of the Ridley Corporation Limited.

Interests in Shares and Options

107,196 shares

Dr Christopher Richards

Managing Director

BSc, BVSc, MAICD

Chris has been Managing Director of Apiam Animal Health since formation. Since establishing a pig veterinary services business in 1998, Chris has been responsible for the strategic direction of the company including the development, acquisition and integration of other veterinary clinics, veterinary wholesale, logistics and genetic services businesses that form the integrated company that Apiam is today. Chris is a Director of Apiam Animal Health and its subsidiary and joint venture companies.

Interests in Shares and Options

27,926,077 shares

Mr Michael van Blommestein

Independent Non-Executive Director

GAICD

Michael was a Vice President and Country Manager of Australia and New Zealand for Zoetis and managed the spin-off of Zoetis from Pfizer Australia. An experienced director in the animal health sector, Michael presided over Animal Medicines Australia, the peak industry body for five years and was a member of the board for nearly a decade. Michael played an integral role in leading and overseeing the transition of Animal Health Alliance into Animal Medicines Australia and has also served on the board of Animal Health Association Japan.

Interests in Shares and Options

98,212 shares

Mr Richard John Dennis

Independent Non-Executive Director

BComm, LLB, CA, MAICD

Rick held a number of senior roles over 35 years with Ernst & Young (EY) and was the Managing Partner of EYs Queensland practice on two occasions from 2001-2007 and from 2014-15. Rick also held a number of executive management roles at EY, including Deputy COO and CFO for the Asia-Pacific practice where he was responsible for overseeing the financial and operational integration of EYs Australian and Asian member firms. Rick is a member of Australian Super's Queensland Advisory Board, a member of the Advisory Board of EWM Group and a member of the Audit & Risk Committee of Racing Queensland. He is also a non-executive director of ASX-listed Motorcycle Holdings Limited.

Interests in Shares and Options

20,300 shares

Mr Charles Sitch

Non-Executive Director

BComm, LLB, MBA, GAICD

Charles is currently a director of Spark New Zealand Ltd and a member of their audit risk and finance committee. Previously Charles spent 24 years at McKinsey and Company New York, London and Melbourne. He was a senior director, primarily working with CEOs and Boards on strategy and operations turnarounds before retiring in 2010. In 2002, Charles was awarded the President's Medal for services to the Royal Agricultural Society of Victoria. Charles has previously held listed public company directorships in Pacific Edge Limited (NZX Listed) and Bellamy's Australia Limited.

Interests in Shares and Options

152,995 shares

Professor Jan Tennent (appointed 1 August 2018)

Non-Executive Director

GCertMgt, GAICD, PHD, BSc (Hons)

Jan is an alumnus of Monash and Deakin universities, was appointed in 2017 as a Collaborative Professor at the University of Osaka, is a Principal Fellow at the University of Melbourne and a Fellow of the Australian Society for Microbiology. Jan is an internationally-recognised researcher with specialist knowledge of antibiotic resistance mechanisms and the discovery and commercialisation of vaccines (biologicals) to prevent infectious diseases through stimulation of protective immune responses. She is currently the CEO of Bio21 Australia Limited (t/a Biomedical Research Victoria), a non-executive director of AusBiotech Limited and David J. Curnow Pty Ltd and a member of the Industry Advisory Board of the Medicines Manufacturing Innovation Centre, Monash University. Jan is also the founder and principal of ConnectBio consultancy.

Interests in Shares and Options

0 shares

Company Secretary

Sophie Karzis

B. Juris, LLB

Ms. Karzis was appointed Company Secretary on the 17 February 2017 and is a practising lawyer with over 15 years' experience as a corporate and commercial lawyer, and company secretary and general counsel for a number of private and public companies. Sophie is the General Manager of Corporate Counsel, a corporate law practice with a focus on equity capital markets, mergers and acquisitions, corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law. Sophie is the company secretary of a number of ASX-listed and unlisted entities and is a member of the Law Institute of Victoria as well as the Governance Institute of Australia.

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	14	14	4	4	3	3
Chris Richards	14	14	-	-	-	-
Michael van Blommestein	14	12	-	-	3	3
Richard Dennis	14	13	4	4	-	-
Charles Sitch	14	12	4	4	3	2

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

Charles Sitch

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

Michael van Blommestein (Chair)

Andrew Vizard

Charles Sitch

PRINCIPAL ACTIVITIES

The Group operates in the segment of provision of veterinary products and services to production and companion animals. Apiam services production 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

OPERATING AND FINANCIAL REVIEW

Revenue for FY2018 was $106.6m, improving 8.8% on FY2017, the prior comparable period (pcp). Revenue growth in FY2018 (excluding the impact of acquisitions) was 4.0% compared to the pcp, with all animal divisions also recording revenue growth on an ex-acquisition basis.

Similar to the trends seen in the first half of FY2018, Apiam's pig revenues continued to benefit from new service and training initiatives as well as new customers and products, despite challenging pig industry conditions. Apiam's dairy & mixed animal businesses performed well, supported by growth in animal numbers, strong industry fundamentals in many of Apiam's rural and regional operating areas as well as new business development initiatives such as the opening of the General Practice, Emergency & Referral Centre at PETstock's Epsom (Bendigo) store, under the Apiam PETstock JV agreement.

Despite Apiam's beef feedlot revenues being affected by a reduction in animal numbers in Q2 FY2018, animal numbers improved in H2 FY2018, with industry conditions varying by region. Strong increases in beef feedlot numbers occurred as a result of the drought in central and northern NSW and SE Queensland in conjunction with a softening in feeder steer prices. This resulted in FY2018 beef feedlot revenue delivering growth on FY2017 levels.

Underlying EBITDA growth (excluding one-off costs and income[1]) increased 17.3% to $9.8m in FY2018 (FY2017: $8.3m), as Apiam's investment in its operating cost base delivered early

[1] Excluding one-off integration, corporate restructure, ERP & acquisition expenses as well as $1.3m of non-operating income associated with the reversal of a contingent liability on the balance sheet in FY2017 (contingent acquisition consideration no longer payable)

stage efficiencies over the period. While total operating expenses increased 7.3% in FY2018 versus pcp, the majority of this increase related to the impact of acquisitions made over the period.

On an ex-acquisition basis, Apiam's operating expenses were broadly in-line with the pcp despite the group revenue growth delivered.

Apiam incurred increased depreciation & amortisation expense in FY2018 of $2.4m vs $1.6m in FY2017, a direct result of the growth in its fixed asset base that has occurred over the past two years as it has built the foundations of the enlarged company. Significant capital investment over FY2018 was made in the upgrade of the Company's vehicle fleet, IT infrastructure at the clinic level as well as the set-up of the General Practice, Emergency & Referral Centre at Epsom. In addition, the final stage of the investment in IT systems continued with the roll out of the Practice Management System.

During FY2018, Apiam also incurred $600,000 in one-off costs as a result of a recent restructure in its business operations to drive growth opportunities in both Dairy and Mixed clinics (D&M) and Intensive Animals (Pigs and Feedlot) and Ancillary Services (IAAS). Dedicated business managers are now in place for both of these business units with a focus on leveraging Apiam's products and services across the enlarged animal footprint. Other one-off expenses incurred during FY2018 related to one-off costs associated with acquisitions, integration and the expensed component of the IT systems investment.

Underlying Net Profit After Tax (NPAT), before the impact of one-off costs was $4.4m in FY2018, representing a small increase to underlying NPAT in FY2017 of $4.3m, despite the increased depreciation & amortisation expense over the period. NPAT in FY2018 of $3.3m, was 11.2% lower than NPAT in FY2017 of $3.7m (on an operating basis), reflecting the impact of the increased one-off expenses incurred throughout FY2018.

The following tables are presented to assist in the interpretation of the underlying performance of Apiam during FY2018. This information is additional and provided using non-IFRS information and terminology.

Apiam FY2018 Financial Results - Reported

	FY18	FY17	Variance	%
Total Revenue	106.6	98.0	8.6	8.8%
Gross Profit	51.6	47.3	4.3	9.1%
Operating expenses	(41.8)	(38.9)	(2.9)	7.3%
Underlying EBITDA [1]	**9.8**	**8.3**	**1.4**	**17.3%**
One-off expenses	(1.6)	(1.0)	(0.7)	68.0%
EBITDA	**8.2**	**7.4**	**0.8**	**10.7%**
Depreciation & Amortisation [2]	(2.4)	(1.6)	(0.8)	54.1%
EBIT	**5.7**	**5.8**	**(0.1)**	**(1.2)%**
Interest	(0.9)	(0.9)	(0.0)	1.1%
Tax	(1.5)	(1.2)	(0.3)	27.6%
NPAT (operating)	**3.3**	**3.7**	**(0.4)**	**(11.2)%**
Other income[3]	0.0	1.2	(1.2)	nm
NPAT (reported)	**3.3**	**4.9**	**(1.6)**	**(33.2)%**
Gross Margin (%)	48.4%	48.2%		
Underlying EBITDA margin (%)	9.2%	8.5%		

Notes:
1 Underlying EBITDA excludes reversal of contingent consideration (recorded as other income in FY17) & one-off acquisition, integration & restructuring expenses
2 Restatement of FY17A amortisation due to $3.2M reclassification of intangibles associated with QVG acquisition
3 Non-operating other income of $1.25m in FY2017 is associated with the reversal of a Contingent Liability on the balance sheet (contingent acquisition consideration no longer payable)

Apiam FY2018 Financial Results - Underlying

	FY18	FY17	Variance	%
Total Revenue	106.6	98.0	8.6	8.8%
Gross Profit	**51.6**	**47.3**	**4.3**	**9.1%**
Employment expenses	(29.4)	(27.0)	(2.4)	8.9%
Operating expenses	(12.4)	(11.9)	(0.4)	3.7%
Underlying EBITDA [1]	**9.8**	**8.3**	**1.4**	**17.3%**
Depreciation & amortisation [2]	(2.4)	(1.6)	(0.8)	54.1%
Underlying EBIT [1]	**7.3**	**6.7**	**0.6**	**8.7%**
Interest & tax	(2.9)	(2.4)	(0.5)	22.5%
Underlying NPAT [1]	**4.4**	**4.3**	**0.1**	**1.0%**
Integration / ERP expense	(0.6)	(0.7)	0.1	(12.0)%
Acquisition / Advisory expense	(0.4)	(0.2)	(0.1)	55.5%
Restructure costs	(0.6)	0.0	(0.6)	nm

Notes:
1 Underlying earnings exclude one-off acquisition, integration & restructuring expenses (tax effected where applicable at NPAT level) & reversal of contingent acquisition consideration recorded in FY17 of $1.25M
2 Restatement of FY17A amortisation due to $3.2M reclassification of intangibles associated with QVG acquisition

Business development

Apiam has made significant progress in executing business development initiatives over FY2018.

In February 2018, Apiam announced that it had executed a Joint Venture alliance agreement with PETstock, a leading specialist petcare provider. Under the agreement, Apiam and PETstock will open a number of new veterinary clinics to be co-located at various PETstock retail outlets, in regional and rural Australia. The co-located clinics will be jointly owned, with Apiam as an 80% shareholder and PETstock as a 20% shareholder. The first co-located clinic, the General Practice, Emergency & Referral Centre at PETstock's superstore in Bendigo (Epsom), opened in March 2018, and has outperformed early stage revenue expectations, achieving around double the amount of revenue forecast for its first quarter of operations. A second co-located clinic opened at PETstock Golden Square in mid August 2018, with additional clinics to be rolled out in targeted regional and rural locations throughout FY2019.

Apiam also announced in July 2018 that it has entered into an exclusive distribution agreement with Plumbline Life Sciences (Plumbline), a Korean novel DNA therapy company. Under the terms of the distribution agreement, Plumbline will licence a number of its patented immunotherapy technology products to Apiam, for exclusive distribution in the pig and diary industries in Australia and New Zealand. The agreement also provides Apiam with first right of refusal to market Plumbline's companion animal cancer therapy products in Australia and New Zealand and current and future pig products in the USA and Canada. Plumbline's Life Tide SW5 product, for which Apiam will have exclusive distribution rights, is already approved for market use in Australia & New Zealand in sows to increase number of pigs weaned. Apiam will be undertaking the required work to expand this product registration to encompass progeny pigs and also register a new technology, PLS-B3000 for dairy cattle, for which it will be reimbursed registration costs by Plumbline. Apiam is expecting to commence an initial limited market release of Life Tide SW5 across its pig client base in Q2 FY2019.

The Plumbline distribution agreement has been structured attractively for Apiam with no milestone payments and only a modest upfront payment, particularly when compared to other similar pharmaceutical industry product commercialisation arrangements. It represents an important and valuable opportunity for Apiam given the significant number of pig and dairy animal numbers the Company has under management, as well as the improved production performance that the product has demonstrated in research and trials.

Acquisitions

Growth via acquisition remains an important part of Apiam's business strategy, and the Company continued to progress its acquisition program over FY2018 with three company acquisitions, comprised of five clinics in total.

Apiam acquired the Terang and Mortlake Veterinary Clinic (TMVC) in November 2017 for a total consideration of $1.6m. TMVC operates as two rural vet practices in Western Victorian with a strong dairy practice offering, as well as an active presence across beef, equine and companion animals. This acquisition has strengthened Apiam's presence in a very important and successful beef and dairy location.

In March 2018, the Company also acquired Passionate Vetcare a regional veterinary clinic based in the North West of Bendigo, Victoria for total consideration of $0.75m. Passionate Vetcare is predominantly a companion animal veterinary practice, with some exposure to pigs and mixed animals. This acquisition was strategically important to support the opening of Apiam's Bendigo Emergency & Referral Centre.

Apiam also completed the acquisition of South East Queensland based, Gympie & District Veterinary Services (GDVS) for $4.9m in June 2018. GDVS is a diversified practice servicing agricultural & companion animals and was comprised of two clinics in fast growth and underserviced regional and rural areas of Queensland. Following the acquisition, GDVS now operates on a regional basis with Apiam's two existing QLD Dairy and Mixed Animal clinics as part of an expanding footprint in the region. There are significant synergy opportunities that Apiam can achieve by operating with a greater presence in this key production and mixed animal region and by delivering additional organic growth through cross-selling of Apiam's existing veterinary and genetic services expertise across a larger customer base. It will also enable Apiam to develop smaller satellite clinics that leverage off the regional model in order to capture revenues in underserviced peripheral regions of Queensland.

In-line with Apiam's prior acquisitions, these acquisitions were funded with 30% scrip consideration and 70% cash consideration (via a combination of cashflow and Apiam's Acquisition Facility).

Balance sheet

Apiam continued to invest in property, plant and equipment throughout FY2018 with the replacement of older fleet vehicles, upgrade of IT infrastructure in clinics and other capital investment associated with growth initiatives. As a result PP&E increased by $3.0m to $9.4m as at 30 June 2018 (30 June 2017: $6.4m).

As at 30 June 2018, Apiam had net borrowings of $25.8m up from $24.7m at 30 June 2017. This modest increase in borrowings of $1.1m is reflective of Apiam's strong operating cash flow performance over FY2018, particularly in light of the capital investment requirements outlined above as well as the cash component associated with the acquisitions completed during the period (totalling $4.7m).

During the year, Apiam also negotiated a $15m increase to its acquisition facility (to a total of $25m) and new covenants related to its borrowing facility provided by banking partner, NAB. The amended facility and covenants better align with Apiam's growth strategy and provide the

Company greater flexibility. As at 30 June 2018 Apiam's operating leverage ratio was 2.8x, well within the current facility covenant of 4.0x. This is an improvement on Apiam's operating leverage ratio as at 31 December 2017 of 2.9x.

Cash flow

Apiam's operating cash flow was $9.2m in FY2018, significantly higher than FY2017 operating cash flow of $1.7m. This increase in the Company's cash flow performance was a result of the strong growth in FY2018 EBITDA as well as improved working capital management process over the period.

Cash conversion to underlying EBITDA for FY2018 was 136% compared to 65% in the pcp. Management expect cash conversion to align closely with underlying EBITDA moving forward.

Apiam FY2018 Cash Flow summary

$M	FY2018	FY2017
Net cash received in operating activities	**9.2**	**1.7**
Acquisition of subsidiary, net of cash	(4.7)	(8.4)
Purchases of property, plant and equipment	(4.5)	(1.6)
Restructure of group entities, net of cash	0.0	0.0
Purchases of intangible assets	(0.4)	0.0
Net cash used in investing activities	**(9.5)**	**(10.0)**
Net changes in financing	1.8	8.0
Dividends paid to shareholders	(1.0)	(0.8)
Net cash inflow from financing activities	**0.8**	**7.2**
Net change in cash and cash equivalents	**0.5**	**(1.1)**

Notes: This information is additional and provided using non-IFRS information and terminology

Dividend

The Apiam Board of Directors have declared a final dividend of 0.8 cents per share (CPS), 100% fully franked, bringing total dividends paid in respect of FY2018 to 1.6 cps. The final dividend will be paid on 26 October 2018. This represents a 50.4% payout ratio of NPAT.

Apiam's Dividend Reinvestment Plan will be maintained to allow shareholders to reinvest their dividends in Apiam's future growth.

Outlook

Apiam is well placed to deliver revenue and earnings growth in FY2019. Management expect the operating cost base leverage that has occurred in FY2018 to continue, delivering further efficiencies as the Company continues to grow its scale of operations. Leveraging key business drivers across Apiam's growing animal footprint will also be a strategic focus for management in FY2019.

New revenue streams will also deliver growth for the Company with business development initiatives, such as in the area of product distribution, and the expansion of the Apiam / PETstock JV in attractive regional and rural areas, to be undertaken in FY2019.

Strategic acquisitions will continue to be assessed and executed where synergistic value for Apiam shareholders is identified.

DIVIDENDS

An interim dividend of $817,728 is 0.8 cps and was paid in April 2018. The Apiam Board of Directors have declared the Company's final dividend of 0.8c per share fully franked on the 27 August 2018. The final dividend of $837,551 will be paid on the 26 October 2018.

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

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

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

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

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

KEY RISKS AND BUSINESS CHALLENGES

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

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

No single client or buying group is expected to account for more than 10% of Apiam Animal Health's FY19 pro-forma forecast revenue. However, if there is consolidation within Apiam Animal Health's client base, this may lead to a concentration of the Company's client exposure risk and may adversely affect the margins that the Company is able to generate on the sale of its products and services to these client groups.

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

ENVIRONMENTAL REGULATION

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

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

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

UNISSUED SHARES UNDER OPTION

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

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

During the financial year, the Company issued 18,667 ordinary shares as a result of the exercise of options.

DEEDS OF ACCESS, INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

Access

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

Indemnification

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

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

Insurance

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

Remuneration Report

REMUNERATION REPORT (AUDITED)

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

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

Details of Key Management Personnel

(I) DIRECTORS

Andrew Vizard

Chairman (Independent Non-executive)

Chris Richards

Managing Director (Executive)

Michael van Blommestein

Director (Independent Non-executive)

Richard Dennis

Director (Independent Non-executive)

Charles Sitch

Director (Independent Non-executive)

(II) EXECUTIVES

Corné Loots

General Manager Veterinary Services

Matthew White

Chief Financial Officer

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

- a Principles used to determine the nature and amount of remuneration;
- b Details of remuneration;
- c Service agreements;
- d Share-based remuneration;
- e Bonuses included in remuneration;
- f Non-executive director remuneration; and
- g Other information.

a Principles used to determine the nature and amount of remuneration

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

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

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

The Remuneration 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 remuneration committee has met 3 times in the FY18 reporting period.

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

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

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

However, the Remuneration Committee is considering long term incentives (LTI) to be implemented in the future. The Remuneration 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.

Item	*2018*	2017
EPS (cents)	3.21c	5.00c
Dividends (cents per share)	1.6c	0.8c
Net profit before tax ($'000)	$4,831	$6,315
Share price ($)	$0.75	$0.70

b Details of remuneration

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

		Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments		Performance based percentage of remuneration
	Year	Salary and fees (i)	Cash bonus	Non-monetary benefits	Superannuation	Long service leave (ii)	Shares	Total	
Directors		$	$	$	$	$	$	$	%
Andrew Vizard Chairman Independent	2018	120,000	-	-	-	-	-	120,000	0%
	2017	120,000	-	-	-	-	-	120,000	0%
Richard Dennis Independent	2018	70,000	-	-	-	-	-	70,000	0%
	2017	70,000	-	-	-	-	-	70,000	0%
Chris Richards Managing Director	2018	350,072	-	13,419	27,125	5,854	-	396,470	0%
	2017	350,072	-	12,027	19,791	6,718	-	388,608	0%
Charles Sitch Independent	2018	54,795	-	-	5,205	-	-	60,000	0%
	2017	54,795	-	-	5,205	-	-	60,000	0%
Michael van Blommestein Independent	2018	54,795	-	-	5,205	-	-	60,000	0%
	2017	54,795	-	-	5,205	-	-	60,000	0%
Employees									
Corné Loots General Manager Vet Services	2018	212,519			20,013	905	-	233,437	0%
	2017	212,519	-	-	23,961	285	-	236,765	0%
Matthew White Chief Financial Officer	2018	223,484	-	-	21,231	923	-	245,638	0%
	2017	190,000	-	-	27,075	274	-	217,349	0%
2018 Total	**2018**	**1,085,665**	**-**	**13,419**	**78,779**	**7,682**	**-**	**1,185,545**	**0%**
2017 Total	**2017**	**1,052,181**	**-**	**12,027**	**81,237**	**7,277**	**-**	**1,152,722**	**0%**

(i) Salary and fees includes salaries and allowances.
(ii) Long term benefits include long service leave entitlement accruals.

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

Name	Fixed remuneration	At risk – STI
Executive Directors		
Chris Richards	100%	-
Other Key Management Personnel		
Corné Loots	100%	-
Matthew White	100%	-

c Service agreements

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

Name	Base salary	Term of agreement	Notice period
Chris Richards	$350,072	5 years from listing	Twelve (12) months
Corné Loots	$212,519	No fixed term	Six (6) months
Matthew White	$225,000	No fixed term	Six (6) months

Bonus provisions

Chris Richards: Nil

Corné Loots: Nil

Matthew White Nil

d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid and payable in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Executive Directors			
Chris Richards	-	-	-
Other Key Management Personnel			
Corné Loots	-	-	-
Matthew White	-	-	-

e 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 $310,000):

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

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

f Other information

Options held by key management personnel

There were no options to acquire shares in the Company held during the 2018 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 2018 held by each of the Group's key management personnel, including their related parties, is set out below:

Personnel	Balance at 1/07/2017	Granted as remuneration	Received on exercise	Other changes	Held as at 30/06/2018
Chris Richards	27,339,804	-	-	586,273	27,926,077
Andrew Vizard	95,294	-	-	11,902	107,196
Charles Sitch	150,000	-	-	2,995	152,995
Richard Dennis	30,000	-	-	(9,700)	20,300
Michael van Blommestein	97,240	-	-	972	98,212
Corné Loots	86,689	-	-	19,108	105,797
Matthew White	111,218	-	-	4,097	115,315
	27,910,245	**-**	**-**	**615,647**	**28,525,892**

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

Loans to key management personnel

The Group did not enter into any loans with key management personnel during the 2018 year. The number of key management personnel included in the Group aggregate at year end is Nil. The Group does not have an allowance account for receivables relating to outstanding loans and has not recognised any expense for impaired receivables during reporting period.

Other transactions with key management personnel

The Group rents premises at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. During FY18 the warehouse facility was extended and rental payments made amounted to $310,800 (2017: $242,400).

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 $132,961 (2017: $124,116).

The Group leases it artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $105,000 (2017: $69,939).

The Group leases premises at Hoskin Street, Quarry Hill, Victoria from entities associated with Chris Richards. Lease payments made amounted to $11,887 (2017: Nil).

The Group leases premises at Midland Highway, Epsom, Victoria from entities associated with Chris Richards. Lease payments made amounted to $12,164 (2017: Nil).

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

The group has taken up an option during FY2018 to purchase the iVet technology from iVet Pty Ltd, a company controlled by Chris Richards. The Group had previously entered into an intellectual property licence with iVet Pty Ltd to use the iVet intellectual property. The Group were to pay iVet Pty Ltd a royalty of 10% of net sales revenue received by the Group for the use of the intellectual property licence. The agreement was for an initial term of 10 years. Payment by the group to take up the option to purchase iVet Pty Ltd in FY2018 was the sum of $93,157 (2017: Nil).

The Group obtained air travel services for business purposes from an entity associated with Chris Richards in the prior year. The fares paid were based on commercial fares. Payments made during 2018 amounted to $Nil (2017: $64,179).

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 27 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 32 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
27 August 2018

Collins Square, Tower 1
727 Collins Street
Docklands VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2018, 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, 27 August 2018

Apiam Animal Health Limited Financial Statements

For the year ended 30 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Revenue	6	106,597	97,991
Other income		21	1,250
Expenses			
Changes in inventory		(208)	1,282
Cost of materials		(54,828)	(52,007)
Costs of consumables and services		(1,012)	(1,095)
Employee benefit expenses	26	(30,121)	(27,105)
Listing and acquisition expenses		(499)	(739)
Property expenses		(2,998)	(2,623)
Freight, vehicle and transport expenses		(1,532)	(1,292)
Depreciation of property, plant and equipment	13,14	(2,432)	(1,574)
Other operating expenses		(7,251)	(7,034)
Share of profit from equity accounted investments		23	-
Other finance costs	7	(15)	(14)
Finance costs	7	(914)	(904)
Profit/(loss) before income tax		**4,831**	**6,136**
Income tax (expense)/benefit	8	(1,545)	(1,211)
Profit from continuing operations		**3,286**	**4,925**
Profit for the year		**3,286**	**4,925**
Profit attributable to:			
Owners of Apiam Animal Health Limited		3,278	4,902
Non-controlling interests	23	8	23
Total comprehensive income/ (loss) for the period		**3,286**	**4,925**
Profit attributable to:			
Owners of Apiam Animal Health Limited		3,278	4,902
Non-controlling interests	23	8	23
		3,286	**4,925**

Earnings per share for profit attributable to the ordinary equity holders of the company:	**Note**	**Cents**	**Cents**
Basic earnings per share	24	3.21	5.00
Diluted earnings per share		3.21	5.00

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	9	1,436	968
Trade and other receivables	10	14,744	14,075
Inventories	11	11,256	11,477
Other current assets	12	851	746
Total current assets		28,287	27,266
Non-current assets			
Intangible assets	14	64,515	58,037
Property, plant and equipment	13	9,418	6,400
Investments		75	50
Deferred tax assets	15	3,109	3,438
Total non-current assets		77,117	67,925
Total assets		**105,404**	**95,191**
Current liabilities			
Trade and other payables	16	12,269	9,015
Other current liabilities	20	400	-
Current tax liabilities	17	594	776
Borrowings	18	3,930	4,102
Employee benefit obligations	19	4,253	3,748
Total current liabilities		21,446	17,641
Non-current liabilities			
Borrowings	18	23,336	21,608
Employee benefit obligations	19	810	672
Deferred tax liabilities		867	913
Other liabilities		220	-
Total non-current liabilities		25,233	23,193
Total liabilities		**46,679**	**40,834**
Net assets		**58,725**	**54,357**
Equity			
Equity attributable to owners of the parent			
- share capital - equity raising costs	21	85,775	83,066
- corporate reorganisation reserve	22	(26,692)	(26,692)
- non-controlling interest acquisition reserve	22	(6,615)	(6,615)
- retained earnings/ accumulated losses		5,607	3,956
		58,075	53,715
non-controlling interest	23	650	642
Total equity		**58,725**	**54,357**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Note	Share capital	Corporate re-organisation reserve	Non-controlling interest acquisition reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016		**79,070**	**(26,666)**	**(6,615)**	**(137)**	**45,652**	**619**	**46,271**
Restructure and transfer of Chris Richards entities into Apiam		-	(26)	-	-	(26)	-	(26)
Issue of shares to vendors of business acquired	21	3,996		-	-	3,996	-	3,996
Dividends paid		-	-	-	(809)	(809)	-	(809)
Transactions with owners		**3,996**	**(26)**	**-**	**(809)**	**3,161**	**-**	**3,161**
Profit / (Loss) for the period		-	-	-	4,902	4,902	23	4,925
Total comprehensive income for the period		**-**	**-**	**-**	**4,902**	**4,902**	**23**	**4,925**
Balance at 30 June 2017		**83,066**	**(26,692)**	**(6,615)**	**3,956**	**53,715**	**642**	**54,357**
Issue of shares to vendors of business acquired	21	2,041	-	-	-	2,041	-	2,041
Issue of new share capital	21	668	-	-	-	668	-	668
Dividends paid		-	-	-	(1,627)	(1,627)	-	(1,627)
Transactions with owners		**2,709**	**-**	**-**	**(1,627)**	**1,082**	**-**	**1,082**
Profit / (Loss) for the period					3,278	3,278	8	3,286
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period					**3,278**	**3,278**	**8**	**3,286**
Balance at 30 June 2018		**85,775**	**(26,692)**	**(6,615)**	**5,607**	**58,075**	**650**	**58,725**

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		117,715	106,969
Payments to suppliers and employees		(105,161)	(102,290)
		12,554	**4,679**
Interest paid		(914)	(918)
Transaction costs relating to acquisition of subsidiary		(499)	(236)
Income taxes paid		(1,924)	(1,855)
Net cash (outflow)/inflow from operating activities		**9,217**	**1,670**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,545)	(1,563)
Purchase of intangible assets		(354)	-
Proceeds from disposals of property, plant & equipment		21	-
Acquisition of subsidiaries, net of cash acquired	31	(4,659)	(8,379)
Payment for acquisition of associate		-	(50)
Net cash (outflow)/inflow from investing activities		**(9,537)**	**(9,992)**
Cash flows from financing activities			
Proceeds from borrowings		25,796	22,921
Repayment of borrowings		(23,346)	(14,535)
Repayment lease liabilities		(674)	(404)
Dividends paid to company shareholders		(988)	(809)
Net cash (outflow)/inflow from financing activities		**788**	**7,173**
Net (decrease)/increase in cash and cash equivalents		**468**	(1,149)
Cash and cash equivalents at the beginning of the year		968	2,117
Cash and cash equivalents at end of the year	9	**1,436**	**968**

Note: This statement should be read in conjunction with the notes to the financial statements

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 and companion animals. Apiam services production 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

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 Ltd 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 Pipers Lane, East Bendigo, Victoria 3550.

The consolidated financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 27 August 2018.

3 Changes in accounting policies

3.1 New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2018. Information on the more significant standard(s) is presented below. The adoption of these new and revised standards has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

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

3.2.1 Revised pronouncement: *AASB 9 Financial Instruments (December 2014)*

Superseded pronouncement - *AASB 139 Financial Instruments: Recognition and Measurement,* Effective date - 1 January 2018.

Nature of change

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.

b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

Likely impact on initial application

The entity has undertaken a detailed assessment of the impact of AASB 9. Based on the entity's assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

3.2.2 Revised pronouncement: *AASB 15 Revenue from Contracts with Customers*

Superseded pronouncement - *AASB 118 Revenue*

Nature of change

- replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

Likely impact on initial application

The entity has undertaken a detailed assessment of the impact of AASB 15. Based on the entity's assessment, the Standard will not have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

3.2.3 Revised pronouncement : *AASB 16 Leases*

Superseded pronouncement - *AASB 117 Leases,* Effective date - 1 January 2019

Nature of change

- replaces AASB 117 *Leases* and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

Likely impact on initial application

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based upon the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- Operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.

3.3 Adjustment made to prior period intangibles provisionally accounted

Apiam acquired Quirindi Feedlot Service's (QFS) in the financial year ended 30 June 2017. The acquisition was provisionally accounted for in that period. Subsequent to the acquisition, it was noted that there were customer relationships within QFS and that a portion of goodwill recognised upon acquisition must be reclassified and recognised as an intangible asset which is amortised over the useful life of the asset. This resulted in a restatement of each of the affected financial statement line items for prior periods as follows:

			30 June 2017
Statement of financial position (extract)	**Previous amount $'000**	**Adjustment $'000**	**Restated amount $'000**
Goodwill	57,169	(2,256)	54,913
Customer relationships	-	3,223	3,223
Accumulated amortisation of customer relationships	-	(179)	(179)
Deferred tax liabilities	-	913	913
Total equity	**54,482**	**(125)**	**54,357**

			30 June 2017
Statement of profit or loss and other comprehensive income (extract)	**Previous amount $'000**	**Adjustment $'000**	**Restated amount $'000**
Depreciation and amortisation of non-financial assets	(1,395)	(179)	(1,574)
Profit before income tax	**6,315**	**(179)**	**6,136**
Income tax expense	(1,265)	54	(1,211)
Total comprehensive income	**5,050**	**(125)**	**4,925**

4 Summary of accounting policies

4.0 Overall considerations

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

4.1 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. 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.

4.2 Business combination

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

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

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

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

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

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

4.3 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.

4.4 Segment reporting

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

• Dairy and Mixed;
• Feedlots;
• Pigs;

The operating segments are aggregated for reporting purposes on the basis that each business 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.

4.5 Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue from veterinary services is recognised in accounting period in which the services are provided. Revenue from the sale of goods is recognised when the risk and rewards have transferred to the customer which is generally upon receipt of the goods.

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.

4.6 Operating expenses

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

4.7 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.

4.8 Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 4.2 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.11 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.

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.

4.9 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 4.10). Leasehold improvements, plant and equipment and motor vehicles are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

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

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

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

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

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

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

4.10 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See Note 4.9 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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

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

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets, customer relationships or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

4.12 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, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

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 subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value Through Profit or Loss (FVTPL)
- Available-For-Sale (AFS) financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

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.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income' (see Note 4.5).

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

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

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.

4.13 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.

4.14 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.

4.15 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.

4.16 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 Company.

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.

4.17 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 and defined benefit plans.

4.18 Share-based employee remuneration

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

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

4.19 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.

4.20 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.

4.21 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.

4.22 Significant management judgement in applying accounting policies

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

Significant management judgement

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

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 4.14).

Estimation uncertainty

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

Impairment

In assessing impairment, management 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 4.11).

Useful lives of depreciable assets

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

Trade receivables

Management estimates the recoverable amount of any outstanding trade receivable balances at reporting date and recognises an allowance for impairment if required.

Inventories

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

Customer relationships

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

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 4.2). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see Note 20).

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:

- 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 operating segments are aggregated for reporting purposes on the basis that each business 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:

	2018	2017
Segment information	**$'000**	**$'000**
Revenue from external customers	106,597	97,991
Segment operating costs	(98,486)	(90,766)
Segment adjusted operating profit before tax	**8,111**	**7,225**

Total reporting segment operating profit	8,111	7,225
Other income	21	1,250
Corporate overheads	(1,304)	(712)
Acquisition costs	(368)	(236)
Integration costs	(131)	(503)
Restructure costs	(607)	-
Finance costs	(914)	(888)
Share of profit from equity accounted investments	23	-
Net profit before tax	**4,831**	**6,136**
Income tax	(1,545)	(1,211)
Net profit after tax	**3,286**	**4,925**

6 Revenue

	2018	2017
	$'000	**$'000**
Sales revenue		
Sale of goods	70,558	63,960
Rendering of services	36,039	34,031
Total revenue	**106,597**	**97,991**

7 Expenses

Profit before income tax includes the following specific expenses:

	2018	2017
	$'000	**$'000**
Depreciation		
Leasehold improvements	47	15
Plant and equipment	1,249	833
Motor vehicles	921	547
Amortisation of intangibles	215	179
Total depreciation	**2,432**	**1,574**
Finance costs		
Interest expenses for borrowings at amortised cost:		
Other borrowings at amortised cost	847	820
Interest expenses for finance lease arrangements	67	84
	914	**904**
Other financial items – amortisation of borrowing costs	15	14
	929	**918**
Share-based payments expense	40	-
Rental expense relating to operating leases	1,842	1,616

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 Apiam at 30% (2017: 30%) and the reported tax expense in profit or loss are as follows:

	2018 $'000	2017 $'000
Profit from continuing operations before income tax expense	4,831	6,136
Tax at the Australian tax rate of 30% (2017 - 30%)	1,449	1,841
Adjustments for non-deductible expenses:		
Reversal of contingent consideration	-	(375)
Sundry items	12	8
	1,461	**1,474**
Income tax expense	**1,461**	**1,474**
Adjustment for current tax in prior periods	84	(263)
Total current tax expense	**1,545**	**1,211**
Tax expense comprises		
Current tax expense/(benefit)	1,216	1,690
Deferred tax expense/(benefit)	329	(479)
Tax expense/(benefit)	**1,545**	**1,211**

Note 15 provides information on deferred tax assets and liabilities.

9 Cash and cash equivalents

	2018 $'000	2017 $'000
Cash at bank and in hand	1,436	968
Cash and cash equivalents	**1,436**	**968**

10 Trade and other receivables

	2018 $'000	2017 $'000
Trade receivables, gross	13,137	13,276
Less: provision for impairment of receivables	(400)	(460)
Other receivables	47	95
Tax receivable	523	-
Rebates receivable	1,437	1,164
	14,744	**14,075**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of $(60) (2017: $323) has been recorded accordingly within other expenses.

	2018 $'000	2017 $'000
Balance at 1 July	460	137
Impairment loss	(60)	323
Balance 30 June	**400**	**460**

11 Inventories

	2018 $'000	2017 $'000
Stock on hand, at cost	11,586	11,874
Less provision for obsolescence	(655)	(397)
Stock in transit, at cost	325	-
	11,256	**11,477**

12 Other current assets

	2018 $'000	2017 $'000
Prepayments	784	686
Security deposits	67	60
	851	**746**

13 Property, plant and equipment

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

	Leasehold improvements $'000	Plant & equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2017					
Opening net book value	146	2,578	1,772	-	4,496
Acquired through business combinations	-	201	227	-	428
Additions	4	1,414	1,122	331	2,871
Depreciation charge for year	(15)	(833)	(547)	-	(1,395)
Closing net book value	135	3,360	2,574	331	6,400
At 30 June 2017					
Cost or fair value	156	4,920	3,508	331	8,915
Accumulated depreciation	(21)	(1,560)	(934)	-	(2,515)
Net book amount	**135**	**3,360**	**2,574**	**331**	**6,400**
Year ended 30 June 2018					
Opening net book value	135	3,360	2,574	331	6,400
Acquired through business combinations	-	688	16	-	704
Additions	342	2,867	1,062	260	4,531
Depreciation charge for year	(47)	(1,182)	(921)	(67)	(2,217)
Closing net book value	**430**	**5,733**	**2,731**	**524**	**9,418**
At 30 June 2018					
Cost or fair value	498	8,475	4,586	591	14,150
Accumulated depreciation	(68)	(2,742)	(1,855)	(67)	(4,732)
Net book amount	**430**	**5,733**	**2,731**	**524**	**9,418**

Leased assets

Furniture, fittings and equipment includes the following amounts where the group is a lessee under a finance lease

	2018 $'000	2017 $'000
Leased equipment		
Cost	2,606	1,941
accumulated depreciation	(722)	(226)
Net book amount	**1,884**	**1,715**

Refer to Note 30 for capital commitments relating to vehicle leases.

14 Intangible assets

	Goodwill	Customer Relation-ships	Capitalised develop-ment costs	Total
	$'000	$'000	$'000	$'000
At 30 June 2017				
Cost	54,913	3,223	80	58,216
Accumulated amortization and impairment	-	(179)	-	(179)
Carrying amount at 30 June 2017	**54,913**	**3,044**	**80**	**58,037**
At July 1 2017				
Opening net book value	54,913	3,044	80	58,037
Additions	-	-	354	354
Acquisition of subsidiary	6,339	-	-	6,339
Amortisation	-	(215)	-	(215)
Closing net book value	**61,252**	**2,829**	**434**	**64,515**
At 30 June 2018				
Cost	61,252	3,223	434	64,909
Accumulated amortization and impairment	-	(394)	-	(394)
Net book value	**61,252**	**2,829**	**434**	**64,515**

14.1 Impairment testing

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

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed five (5) year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each CGU is determined by applying the following key assumptions:

	2018	2017
Annual sales growth %	5.00%	5.00%
Annual operating expenses growth rate %	2.00%	2.00%
Long-term growth rate %	2.50%	2.50%
Post-tax discount rate %	10.60%	11.91%

	2018	2017
	$'000	$'000
Goodwill allocation at 30 June across fifteen (15) individual veterinary clinic entities	61,251	54,913

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

14.2 Growth rates

The growth rates reflect the long-term average growth rates for the industry.

14.3 Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

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 cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Goodwill is managed at the CGU level which is also reflective of the level of operating segment being Pig, Feedlot, Dairy and mixed.

A CGU summary of the goodwill allocation is presented below.

	Feedlot	**Dairy and mixed**	**Pig (a)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance 1 July	12,788	42,125	-	54,913
Acquisitions	-	6,339	-	6,339
30 June 2018	12,788	48,464	-	61,252

(a) Pig CGU does not have any goodwill subscribed to it as on acquisition of the businesses associated with this CGU the difference between the fair value and consideration paid and fair value of assets and liabilities were booked to the Corporate Reorganisation Reserve as the businesses were under common control.

15 Deferred tax assets and liabilities

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

	2018	**2017**
	$'000	**$'000**
The balance comprises temporary differences attributable to:		
Current assets		
Trade and other receivables	198	233
Inventories	196	119
Current liabilities		
Provisions	1,520	1,389
Borrowing costs	(9)	(14)
Other		
Unused tax losses	751	1,031
Equity raising costs	362	543
Listing and acquisition costs	91	137
	3,109	**3,438**

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

	Tax losses	Provisions	Borrowing costs	Trade receivables	Listing & acquisition costs	Equity raising costs	Inventory	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2016	721	1,291	(18)	41	171	724	30	2,960
(Charged)/credited:								
to P&L	310	8	4	169	(34)	(181)	89	366
Recognized in business combination	-	90	-	23	-	-	-	113
at 30 June 2017	**1,031**	**1,389**	**(14)**	**233**	**137**	**543**	**119**	**3,438**
(Charged)/credited:								
to P&L	(280)	68	5	(35)	(46)	(181)	77	(392)
acquisition of a subsidiary	-	63	-	-	-	-	-	63
At 30 June 2018	**751**	**1,520**	**(9)**	**198**	**91**	**362**	**196**	**3,109**

16 Trade and other payables

	2018	2017
	$'000	**$'000**
Trade payables	9,249	5,674
Sundry payables and accrued expenses	2,566	2,870
Other payables	454	471
	12,269	**9,015**

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

17 Current tax liabilities

	2018	2017
	$'000	**$'000**
Current tax payable	594	776

18 Borrowings

	2018	2017
	$'000	**$'000**
Current:		
Bank loans (a)	3,198	3,630
less capitalized costs	(20)	(14)
lease liability (b)	815	523
less deferred interest charges	(63)	(37)
Total current borrowings	**3,930**	**4,102**
Non-current		
bank loans (a)	22,260	20,700
less capitalized costs	(43)	(34)
lease liability (b)	1,171	994
less deferred interest charges	(52)	(52)
Total non-current borrowings	**23,336**	**21,608**

Refer to Note 39 for information on financial instruments.

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

	2018 $'000	2017 $'000
Bank loans	25,458	24,330
Less capitalised borrowing costs	(63)	(48)
Lease liability	1,986	1,517
Less deferred interest charges	(115)	(89)
	27,266	**25,710**

Assets pledged as security

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

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

Banking covenants

The key financial covenants applicable to bank facilities are:

- Maximum gearing ratio remained unchanged with a ratio of 35% (ratio of debt to equity):
- Maximum operating leverage ratio changed from 3.5 times to 4.0 times (ratio of gross debt to EBITDA): and
- Minimum interest cover remained unchanged with a ratio of 5.0 times (ratio of EBIT to gross interest expense).

The Group complied with all bank covenants during the period.

Financing arrangements

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

	2018 $'000	2017 $'000
Total facilities		
Bank - term loan facilities	45,700	30,700
Bank - master asset finance agreement for equipment finance	3,500	2,000
Bank - overdraft facility	1,000	1,000
Bank - credit card facility	300	300
	50,500	**34,000**
Used at reporting date		
Bank - term loan facilities	25,396	24,282
Bank - master asset finance agreement for equipment finance	1,870	1,428
Bank - overdraft facility	-	-
Bank - credit card facility	-	-
	27,266	**25,710**
Unused at reporting date		
Bank - term loan facilities	20,304	6,355
Bank - master asset finance agreement for equipment finance	1,630	572
Bank - overdraft facility	1,000	1,000
Bank - credit card facility	300	300
	23,234	**8,227**

19 Employee benefit obligations

	2018 $'000	2017 $'000
Leave obligations current	4,253	3,748
Leave obligations non-current	810	672
	5,063	**4,420**

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 $4,253 (2017: $3,748) 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. The group does not expect $2,502 (2017: $3,620) of this liability to be taken or paid within the next 12 months.

20 Other current liabilities

	2018 $'000	2017 $'000
Opening Balance	-	1,250
Contingent consideration for acquisition	400	-
Reversal of contingent consideration	-	(1,250)
	400	-

This relates to contingent consideration on businesses acquired during the year. Refer to Note 31 for further details.

21 Equity

21.1 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.

	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Shares issued and fully paid				
· beginning of the period	101,177,947	98,475,574	83,066	79,070
· shares issued as consideration for business acquisitions	2,683,462	2,702,373	2,041	3,996
· issued under dividend reinvestment plan	792,434	-	638	-
· employee shares issued	40,000	-	30	-
Shares issued and fully paid	**104,693,843**	**101,177,947**	**85,775**	**83,066**
Total shares authorised at the end of the period	**104,693,843**	**101,177,947**	**85,775**	**83,066**

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

22 Reserves

Details of reserves are as follows:

	Corporate reorganisation reserve	Non-controlling Interest acquisition reserve	Total
	$'000	**$'000**	**$'000**
Balance at 1 July 2016	**(26,666)**	**(6,615)**	**(33,281)**
Restructure and transfer of Chris Richards entities into the Group	(26)	-	(26)
Balance at 1 July 2017	**(26,692)**	**(6,615)**	**(33,307)**
Balance at 30 June 2018	**(26,692)**	**(6,615)**	**(33,307)**

23 Non-controlling interests

	2018	2017
	$'000	**$'000**
Issued capital	576	576
Current year earnings	8	23
Retained profits carried forward	66	43
Total non-controlling interests	**650**	**642**

24 Earnings per share and dividends

24.1 Earnings per share

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

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

	2018	2017
	Number	Number
• weighted average number of shares used in basic earnings per share	102,122,567	100,589,539
• weighted average number of shares used in diluted earnings per share	102,122,567	100,589,539

24.2 Dividends

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

	2018	2017
	$'000	**$'000**
fully franked final dividend (0.8 cents a share)	809	-
fully franked interim dividend (0.8 cents a share)	818	809
	1,627	**809**

In addition and since the end of the financial year, Directors have declared a fully franked final dividend of 0.8c per ordinary share to be paid on 26 October 2018 (2017: 0.8c)

24.3 Franking credits

	2018 $'000	2017 $'000
The amount of the franking credits available for subsequent:		
Balance at the end of the reporting period	7,069	6,046
Franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	(359)	(347)
franking credits that will arise from the payment of the amount of provision for income tax	594	451
	7,304	**6,150**

25 Reconciliation of cash flows from operating activities

(a) Reconciliation of cash flows from operating activities	**2018**	**2017**
Cash flows from operating activities	**$'000**	**$'000**
Profit / (Loss) for the period	3,286	4,925
Adjustments for:		
· depreciation and amortisation expense	2,432	1,574
· doubtful debt expense	3	61
· obsolete stock provision	258	296
· amortisation of borrowing expenses	15	14
· share benefits expense	70	-
· profit on sale of fixed assets	(21)	-
· share of profit in equity accounted investments	(23)	-
· gains on derecognition of contingent consideration payable	-	(1,250)
Net changes in working capital:		
· decrease/(increase) in trade and other receivables	(108)	(168)
· decrease/(increase) in inventories	302	(1,442)
· decrease/(increase) in other assets	(101)	(53)
· decrease/(increase) in deferred tax asset	392	(365)
· increase/(decrease) in trade and other payables	2,777	(1,230)
· increase/(decrease) in income tax payable	(202)	(1,062)
· increase/(decrease) in deferred tax liability	(46)	(54)
· increase/(decrease) in provisions	183	424
Net cash received in operating activities	**9,217**	**1,670**

(b) Non cash financing transactions

During the financial year, the Group acquired vehicles to the value $998 (2017: $1,309) via finance leases. These transactions are not reflected in the Statement of Cash Flows.

26 Employee remuneration

26.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

Employee benefits – expense	**2018**	**2017**
	$'000	**$'000**
Wages and salaries expense	27,907	24,680
Bonus expense/(reversal)	(85)	396
Share-based payment expense	40	30
Superannuation expense	2,259	1,999
Employee benefits expense	**30,121**	**27,105**

26.2 Share-based employee remuneration

In 2018, 40,000 shares at a fair value of $0.75 cents per share were issued to the Trustee of the Company's Employee Share Trust, in anticipation of future allocations of Shares to participants under the Company's Equity Incentive Plan.

27 Auditor remuneration

	2018	2017
	$	**$**
Audit services – Grant Thornton Audit Pty Ltd		
Remuneration for audit or review of financial statements	193,289	196,838
Other services – Grant Thornton		
• taxation services	38,755	78,656
• other	64,575	86,521
Total other services remuneration	**103,330**	**165,177**
Total auditor's remuneration	**296,619**	**362,015**

28 Related party transactions

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

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

28.1 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:

	2018	2017
	$	**$**
Short-term employee benefits:		
salaries including bonuses and non-monetary benefits	1,085,665	1,052,181
non-monetary benefits	13,419	12,027
Total short-term employee benefits	**1,099,084**	**1,064,208**
Long- term employee benefits:		
long service leave	5,854	7,277
Total long-term employee benefits	**5,854**	**7,277**
Post-employment benefits:		
superannuation	78,779	81,237
Total post-employment benefits	**78,779**	**81,237**
Total remuneration	**1,183,717**	**1,152,722**

Other transactions with key management personnel

The Group rents premises at Piper Lane, Bendigo East, Victoria. The premises are owned by an entity associated with Chris Richards. During FY18 the warehouse facility was extended and rental payments made amounted to $310,800 (2017: $242,400).

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 $132,961 (2017: $124,116).

The Group leases it artificial insemination facility in Victoria from entities associated with Chris Richards. Lease payments made amounted to $105,000 (2017: $69,939).

The Group leases premises at Hoskin Street, Quarry Hill, Victoria from entities associated with Chris Richards. Lease payments made amounted to $11,887 (2017: Nil).

The Group leases premises at Midland Highway, Epsom, Victoria from entities associated with Chris Richards. Lease payments made amounted to $12,164 (2017: Nil).

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

The group has taken up an option during FY2018 to purchase the iVet technology from iVet Pty Ltd, a company controlled by Chris Richards. The Group had previously entered into an intellectual property licence with iVet Pty Ltd to use the iVet intellectual property. The Group were to pay iVet Pty Ltd a royalty of 10% of net sales revenue received by the Group for the use of the intellectual property licence. The agreement was for an initial term of 10 years. Payment by the group to take up the option to purchase iVet Pty Ltd in FY2018 was the sum of $93,157 (2017: Nil).

29 Contingent liabilities

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

30 Capital commitments

	2018	**2017**
	$'000	**$'000**
Property, plant and equipment	39	115
	39	**115**

The group has entered into the purchase of new vehicles after the reporting date, which haven't been delivered yet.

31 Business combination

On 1 November 2017 the Group acquired the business assets of Terang and Mortlake Veterinary Clinic (TMVC).

On 16 March 2018, the Group acquired the business assets of Passionate Vetcare (PVC).

In addition, on 1 June 2018, the Group acquired 100% of the issued share capital and voting rights of Gympie & District Veterinary Services (GDVS).

The following detailed table highlights the fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition for each of the business combinations undertaken in the period. The acquisition of these clinics enables the Company to grow its existing presence in Victoria's Central and Western districts, as well as South East Queensland. On the acquisition of TMCV assets, 584,013 fully paid shares were issued at a fair value of $0.8219 per share. On the acquisition of PVC assets, 258,205 fully paid shares were issued at a fair value of $0.8180 per share. On the acquisition of GDVS, 1,841,244 shares were issued at a fair value of $0.7332 per share.

	TMVC	PVC	GDVS	Total
	$'000	**$'000**	**$'000**	**$'000**
Fair value of consideration transferred				
Amounts settled in cash	1,145	494	3,178	4,817
Amount settled by issue of shares at fair value	480	211	1,350	2,041
Payable to vendors	-	54	400	454
Total fair value of consideration transferred	**1,625**	**759**	**4,928**	**7,312**
Recognised amounts of identifiable net assets				
Property plant and equipment	173	80	452	705
Deferred tax assets	47	16	-	63
Financial assets	-	-	3	3
Total non-current assets	**220**	**96**	**455**	**771**
Cash and equivalents	-	-	158	158
Inventories	134	76	129	339
Trade and other receivables	322	35	206	563
Other current assets	-	-	3	3
Total current assets	**456**	**111**	**496**	**1,063**
Provisions	92	3	209	304
Total non-current liabilities	**92**	**3**	**209**	**304**
Provisions	65	50	-	115
Current tax liabilities	-	-	20	20
Trade and other payables	178	-	244	422
Total current liabilities	**243**	**50**	**264**	**557**
Identifiable net assets	**341**	**154**	**478**	**973**
Goodwill on acquisition	**1,284**	**605**	**4,450**	**6,339**
Net cash outflow on acquisition	**1,145**	**494**	**3,020**	**4,659**

31.1 Consideration transferred

Acquisition-related costs amounting to $368,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of listing and acquisition costs expenses.

31.2 Identifiable net assets

The fair values of the identifiable intangible assets have been determined provisionally at 30 June 2018. The Group is currently obtaining the information necessary to appropriately consider the identification and fair value of identifiable intangible assets.

31.3 Goodwill

The goodwill that arose on the combination can be attributed to the value of the businesses to the Group in addition to the net tangible assets acquired, synergies expected to be derived from the combination and the value of each of the veterinary businesses which cannot be recognised as an intangible asset. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

32 Interests in subsidiaries

32.1 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	
			2018	**2017**
Chris Richards & Associates Pty Ltd	Australia	Veterinary services	**100%**	100%
Country Vet Wholesaling Pty Ltd	Australia	Wholesale supply	**100%**	100%
Farm Gate Logistics (Qld) Pty Ltd	Australia	Transport	**100%**	100%
Apiam Management Pty Ltd	Australia	Payroll	**100%**	100%
Southern Cross Feedlot Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Westvet Wholesale Pty Ltd	Australia	Wholesale supply	**100%**	100%
Portec Veterinary Services Pty Ltd	Australia	Veterinary services	**49%**	49%
Pork Storks Australia Pty Ltd	Australia	Genetics	**100%**	100%
McAuliffe Moore & Perry Pty Ltd	Australia	Veterinary services	**100%**	100%
Warrnambool Veterinary Clinic Pty Ltd	Australia	Veterinary services	**100%**	100%
Scottsdale Veterinary Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Smithton Veterinary Service Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH - Dubbo Vet Hospital 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%
CVH Border Pty Ltd	Australia	Veterinary services	**100%**	100%
CVH iVet Pty Ltd	Australia	Dormant	**100%**	100%
Tasvet Wholesale Pty Ltd	Australia	Dormant	**100%**	100%
Quirindi Feedlot Services Pty Ltd	Australia	Veterinary services	**100%**	100%
Quirindi Veterinary Clinic Pty Ltd	Australia	Veterinary services	**100%**	100%
Quipolly Equine Centre Pty Ltd	Australia	Veterinary services	**100%**	100%
AAH Veterinary Clinics Pty Ltd	Australia	Veterinary Services	**80%**	0%
Gympie & District Veterinary Services Pty Ltd	Australia	Veterinary Services	**100%**	0%

Significant judgements and assumptions

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

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

32.2 Losing control over a subsidiary during the reporting period

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

32.3 Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities.

33 Leases

33.1 Finance leases as lessee

The Group's main motor vehicles and certain items of plant and equipment are held under finance lease arrangements. As of 30 June 2018, the net carrying amount of the motor vehicles held under finance lease arrangements (included as part of motor vehicles) is $1,884 (2017; $1,715); and the net carrying amount of the plant and equipment held under finance lease arrangements (included as part of plant and equipment) is $26 (2017: $64) (see Note 13).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

	2018 $'000	2017 $'000
Current:		
finance lease liabilities	752	486
Non-current:		
finance lease liabilities	1,119	942

Future minimum finance lease payments at the end of each reporting period under review were as follows:

	Minimum lease payments due			
	Within 1 year $'000	1-5 years $'000	After 5 years $'000	Total $'000
30 June 2018				
Lease payments	815	1,171	-	1,986
Finance charges	(63)	(52)	-	(115)
Net present values	**752**	**1,119**		**1,871**
30 June 2017				
Lease payments	523	994	-	1,517
Finance charges	(37)	(52)	-	(89)
Net present values	**486**	**942**	**-**	**1,428**

33.2 Operating leases as lessee

Non-cancellable operating leases

	2018	2017
	$'000	$'000
Within one year	2,255	1,633
later than one year but less than five years	5,582	4,476
later than five years	3,385	2,170
	11,222	**8,279**

The group leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within one to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The group also has a 5 year agreement for the provision of the IT ERP system for the financials as previously communicated.

34 Financial instrument risk

34.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 39.1. 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 2018, 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% (2017: +/- 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-18	**290**	**(290)**	**290**	**(290)**
30-Jun-17	**242**	**(242)**	**242**	**(242)**

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 this risk for various financial instruments, for example by trade 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:

	2018 $'000	2017 $'000
Classes of financial assets		
Carrying amounts:		
Cash and cash equivalents	1,436	968
trade and other receivables	14,744	14,075
	16,180	**15,043**

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.

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 certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June analysed by the length of time past due, are:

	2018 $'000	2017 $'000
Past due under 30 days	2,440	1,893
Past due 30 days to under 60 days	530	489
Past due 60 days and over	1,476	1,680
Total	**4,446**	**4,062**

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.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

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 2018, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		
	Within 6 months $'000	6 - 12 months $'000	1 - 4 years $'000
30 June 2018			
Bank borrowings	3,198	-	22,260
Finance lease obligations	342	473	1,171
Trade and other payables	12,269	-	-
Total	**15,809**	**473**	**23,431**

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

	Current		
	Within 6 months $'000	6 - 12 months $'000	1 - 4 years $'000
30 June 2017			
Bank borrowings	3,616	-	20,666
Finance lease obligations	248	238	942
Trade and other payables	9,015	-	-
Total	**12,879**	**238**	**21,608**

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

35 Fair value measurement

35.1 Fair value measurement of financial instruments

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

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

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2018 and 30 June 2017:

30 June 2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Contingent consideration	-	**-**	**400**	**400**
Total liabilities	**-**	**-**	**400**	**400**
Net fair value	**-**	**-**	**400**	**400**

30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Contingent consideration	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
Net fair value	**-**	**-**	**-**	**-**

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 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 (see Note 31.3) is considered to be face value as the payments become due within the next six (6) months.

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

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

Level 3 Fair value measurements

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

	Contingent consideration	
	2018 $'000	**2017 $'000**
Balance at 1 July 2017	-	1,250
Reversal of contingent consideration	-	(1,250)
Payable business combination	400	-
Balance at 30 June 2018	**400**	**-**

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 35% (ratio of debt to equity). This is in line with the Group's covenants resulting from the banking facilities it has taken out from December 2015.

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

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

	2018 $'000	2017 $'000
Total equity	58,725	54,357
Cash and cash equivalents	1,436	968
Capital	**60,161**	**55,325**
Total equity	58,725	54,357
Borrowings	27,266	25,710
Overall financing	**85,991**	**80,067**
Capital-to-overall financing ratio	**70%**	**69%**

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'):

	2018 $'000	2017 $'000
Statement of financial position		
Current assets	1,044	1,113
Total assets	112,079	106,758
Current liabilities	5,222	4,103
Total liabilities	28,576	26,711
Net assets	83,503	80,047
Issued capital	85,775	83,065
Retained earnings / (Accumulated losses)	(2,272)	(3,017)
Total equity	83,503	80,048
Statement of profit or loss and other comprehensive income		
Profit for the year	1,540	1,018
Other comprehensive income	23	-
Total comprehensive income	1,563	1,018

The Parent Entity has capital commitments of $38,589 to purchase motor vehicles (2017: $114,689). Refer Note 30 for further details of the commitment.

The Parent Entity has entered into a deed of cross guarantee. Refer Note 40 for details.

The Parent Entity had no contingent liabilities at 30 June 2018 (2017: $Nil).

38 Post-reporting date events

The Apiam Board of Directors have declared the Company's final dividend of 0.8c per share fully franked on the 27 August 2018. The final dividend of $837,551 will be paid on the 26 October 2018.

39 Financial assets and liabilities

39.1 Categories of financial assets and liabilities

Note 4.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies.

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 34.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 35.1.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

30-Jun-18	notes	**Financial assets at amortised cost**	Total
Financial assets		**$'000**	**$'000**
cash and cash equivalents	9	1,436	1,436
Trade and other receivables	10	14,744	14,744
		16,180	**16,180**
		Other liabilities at amortised cost	
Financial liabilities			
Non-current borrowings	18	23,336	23,336
Current borrowings	18	3,930	3,930
Trade and other payables	16	12,269	12,269
Other current liabilities	20	400	400
Other liabilities		220	220
Current tax liabilities	17	594	594
		40,749	**40,749**

30-Jun-17	Note	**Financial assets at amortised cost**	Total
Financial assets		**$'000**	**$'000**
cash and cash equivalents	9	968	968
Trade and other receivables	10	14,075	14,075
		15,043	**15,043**
		Other liabilities at amortised cost	
Financial liabilities			
Non-current borrowings	18	21,608	21,608
Current borrowings	18	4,102	4,102
Trade and other payables	16	9,015	9,015
Current tax liabilities	17	776	776
		35,501	**35,501**

39.2 Borrowings

Borrowings include the following financial liabilities:

Financial liabilities	**Current**		**Non-current**	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Carrying amount at amortised cost:				
• bank borrowings (Note 18)	3,178	3,616	22,217	20,666
• finance lease liabilities (Note 33)	752	486	1,119	942
	3,930	4,102	23,336	21,608

All borrowings are denominated in $AUD.

Borrowings at amortised cost

Other bank borrowings are secured by first ranking general security agreements in relation to the current and future assets of Apiam Animal Health Limited and each wholly owned subsidiary. Current interest rates are variable and average 3.7% (2017 3.6%). The carrying amount of the other bank borrowings is considered to be a reasonable approximation of the fair value.

39.3 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents; and
- trade and other payables

40 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
Farm Gate Logistics (Qld) 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 - Dubbo Vet Hospital Pty Ltd
AAH - Bell Vet Services Pty Ltd
CVH Gippsland Pty Ltd
CVH Southern Riverina Pty Ltd
CVH Border Pty Ltd
Tasvet Wholesale Pty Ltd

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

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

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	2018	2017
	$'000	$'000
Continuing operations		
Revenue	91,916	85,128
Other income	-	1,232
Expenses		
Changes in inventory	(208)	1,282
Cost of materials	(44,775)	(42,732)
Costs of consumables and services	(711)	(502)
Employee benefit expenses	(28,009)	(25,802)
Listing and acquisition expenses	(181)	(739)
Property expenses	(2,848)	(2,434)
Freight, vehicle and transport expenses	(1,592)	(1,662)
Depreciation of property, plant and equipment	(1,985)	(1,417)
Other operating expenses	(6,552)	(6,033)
Finance costs	(929)	(895)
Other financial items	(15)	(14)
Share of profit from equity accounted investments	23	
Profit/(loss) before income tax	**4,134**	**5,412**
Income tax (expense)/benefit	(1,356)	(972)
Profit from continuing operations	**2,778**	**4,440**
Profit for the year	**2,778**	**4,440**

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

Statement of Financial Position	**2018**	**2017**
As at 30 June 2018	**$'000**	**$'000**
Assets		
Current assets		
Cash and cash equivalents	677	835
Trade and other receivables	16,566	14,128
Inventories	11,020	11,356
Other current assets	763	737
Total current assets	**29,026**	**27,056**
Non-current assets		
Intangible assets	61,987	46,958
Property, plant and equipment	7,943	6,000
Investments	73	11,620
Deferred tax assets	3,008	3,339
Total non-current assets	**73,011**	**67,917**
Total assets	**102,037**	**94,973**
Current liabilities		
Trade and other payables	14,605	9,255
Amounts payable to vendors for business acquisitions	454	-
Current tax liabilities	471	725
Borrowings	3,859	4,203
Provisions	3,785	3,500
Total current liabilities	**23,174**	**17,683**
Non-current liabilities		
Borrowings	23,337	21,608
Provisions	756	631
Deferred tax liabilities	18	-
Total non-current liabilities	**24,111**	**22,239**
Total liabilities	**47,285**	**39,922**
Net assets	**54,752**	**55,051**
Equity		
Equity attributable to owners of the parent		
- share capital	84,912	83,004
- corporate reorganization reserve	(26,692)	(25,642)
- non-controlling interest acquisition reserve	(5,968)	(6,615)
- retained earnings	2,500	4,304
	54,752	**55,051**

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 2018 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.

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 2018.

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

Signed in accordance with a resolution of the Directors:

Dr Christopher Irwin Richards
Managing Director

Melbourne
27 August 2018

Collins Square, Tower 1
727 Collins Street
Docklands VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2018 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 14	
At 30 June 2018 the carrying value of goodwill and intangible assets is $61M and $3.2M respectively, relating to three separate cash-generating units ("CGU's"). In accordance with AASB 136 Impairment of Assets, the Group is required to assess if there are any indicators of impairment in addition to at least annually, determine if the carrying value of each CGU is in excess of the recoverable value. This area is a key audit matter due to the high level of management judgement and estimation required to determine the recoverable value of the CGU's.	Our procedures included, amongst others: • Reviewing the impairment model for compliance with AASB 136; • Assessing managements determination of the Group's CGUs based on the nature of the business and the economic environment in which the units operate; • Analysing the internal reporting of the Group to assess how earnings streams are monitored and reported by management; • Evaluating managements future cash flow forecasts to obtain an understanding of the process by which they were developed; • Assessing management expertise in preparing the impairment model; • Testing the underlying calculations for mathematical accuracy and agreeing them to the latest Board approved budgets; • Assessing managements key assumptions for reasonableness by comparing long term growth rates to historical results and economic and industry forecasts; • Agreeing discount rates to the cost of capital for the Group; • Utilising an auditors expert (Grant Thornton Corporate Finance Specialist) to assess the reasonableness of key assumptions used in the model; • Performing sensitivity analysis on significant assumptions, including the discount rate and terminal growth assumptions; • Assessed for indicators of impairment relating to the customer relationships; and • Reviewing the appropriateness of the related disclosures within the financial statements.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 30 June 2018, 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.

Grant Thornton

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf.

This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 25 to 30 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Apiam Animal Health Limited, for the year ended 30 June 2018, 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, 27 August 2018

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 13 August 2018 (**Reporting Date**).

Corporate Governance Statement

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

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

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, 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
Christopher Richards	Ordinary Shares	27,926,077	26.67%
Regal Funds Management Pty Limited	Ordinary Shares	11,466,811	11.15%
Australian Super Pty Ltd	Ordinary Shares	8,876,086	8.44%

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	100,659,197
Fully paid ordinary shares restricted until 1 September 2018 and quoted on ASX	1,131,647
Fully paid ordinary shares restricted until 1 November 2018 and quoted on ASX	292,008
Fully paid ordinary shares restricted until 5 January 2019 and quoted on ASX	219,537
Fully paid ordinary shares restricted until 19 March 2019 and quoted on ASX	129,103
Fully paid ordinary shares restricted until 8 June 2019 and quoted on ASX	920,622
Fully paid ordinary shares restricted until 1 November 2019 and quoted on ASX	292,005
Fully paid ordinary shares restricted until 19 March 2020 and quoted on ASX	129,102
Fully paid ordinary shares restricted until 8 June 2020 and quoted on ASX	920,622
TOTAL ORDINARY SHARES ON ISSUE	**104,693,843**

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 1,202 holders of a total of 100,659,197 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	147	81,854	0.08
1,001 – 5,000	326	941,574	0.94
5,001 – 10,000	246	2,037,438	2.02
10,001 – 100,000	383	11,303,353	11.23
100,001 – 999,999,999	90	86,294,978	85.73
Totals	**1,192**	**100,659,197**	**100**

Distribution of holders of escrowed shares

	Holders of shares restricted until 1 Sep 2018	Holders of shares restricted until 1 Nov 2018	Holders of shares restricted until 5 Jan 2019	Holders of shares restricted until 19 Mar 2019
1 to 1,000	0	0	0	0
1,001 to 5,000	3	0	0	0
5,001 to 10,000	1	0	0	0
10,001 to 100,000	2	3	1	0
100,001 and over	2	1	1	1
Totals	**8**	**4**	**2**	**1**
	Holders of shares restricted until 8 Jun 2019	**Holders of shares restricted until 1 Nov 2019**	**Holders of shares restricted until 19 Mar 2020**	**Holders of shares restricted until 8 Jun 2020**
1 to 1,000	0	0	0	0
1,001 to 5,000	0	0	0	0
5,001 to 10,000	0	0	0	0
10,001 to 100,000	0	3	0	0
100,001 and over	3	1	1	3
Totals	**3**	**4**	**1**	**3**

Less than marketable parcels of ordinary shares (UMP Shares)

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

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
100,659,197	47,021	112	0.04671

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>	27,388,621	27.21
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,679,125	8.62
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,067,081	8.01
COBASH PTY LIMITED <J & S WRIGHT FAMILY A/C>	3,872,006	3.85
UBS NOMINEES PTY LTD	2,802,569	2.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,174,818	2.16
FOUR POST INVESTMENTS PTY LTD <JOHNSTONE INVESTMENT A/C>	1,386,700	1.38
MR NEIL LEIGHTON & MRS HELEN LEIGHTON <LEIGHTON SUPER FUND A/C>	1,354,131	1.35
MR ROGER CHARLES CARMODY & MRS MARIS MOORE CARMODY <R & M CARMODY A/C>	1,333,650	1.32
MRS KATE JUDITH MALIN <HOWISON FAMILY A/C>	1,224,700	1.22
SONJASWRIGHT PTY LIMITED	1,211,846	1.20
MR KEVIN FRANCIS SULLIVAN & MRS JANE MAREE SULLIVAN <BVS SUPERANNUATION FUND A/C>	1,010,000	1.00
TOCAMAC PTY LTD <PETERSEN FAMILY A/C>	986,700	0.98
CINDY JANE PTY LTD <CINDY JANE FAMILY A/C>	947,746	0.94
MR COLEEN STEWART <K & C STEWART FAMILY A/C>	872,568	0.87
BNP PARIBAS NOMS PTY LTD <DRP>	862,425	0.86
K F J SULLIVAN PTY LIMITED	845,000	0.84
MR CRAIG JAMES DWYER <DWYER FAMLY A/C>	844,321	0.84
CHARLIEWILL PTY LTD <CHARLIEWILL A/C>	830,003	0.82
YARRABROOK PTY LTD <GSS UNIT EBF NO 2 A/C>	734,753	0.73
Total number of shares of Top 20 Holders	**67,428,763**	**64.41**
Total Remaining Holders Balance	**37,265,080**	**35.59**

Company Secretary

The Company's secretary is Ms Sophie Karzis.

Registered Office

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

27- 33 Piper Lane
East Bendigo VIC 3550

Telephone: +61 (0)3 5445 5999

Share Registry

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

Street Address:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000

Telephone: 1300 737 760

Stock Exchange Listing

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

Escrow

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary shares	Voluntary escrow	1,131,647	1 September 2018
Ordinary shares	Voluntary escrow	292,008	1 November 2018
Ordinary shares	Voluntary escrow	219,537	5 January 2019
Ordinary shares	Voluntary escrow	129,103	19 March 2019
Ordinary shares	Voluntary escrow	920,622	8 June 2019
Ordinary shares	Voluntary escrow	292,005	1 November 2019
Ordinary shares	Voluntary escrow	129,102	19 March 2020
Ordinary shares	Voluntary escrow	920,622	8 June 2020

Unquoted equity securities

The Company has no unquoted equity securities on issue

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.


175.0
0.0

Apiam
animal health

Local knowledge.
Global knowhow.