

**Consolidated Financial Report for
the period ended 30 June 2021**



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DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entity, for the year ended 30 June 2021 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Ross Joblin

Lucinda Corrigan

Graeme Gillan

Tim Jelbart

Simone Jolliffe

Anthony Shelly

Samantha Simpson (appointed 19 November 2020)

Craig Lister (resigned 19 November 2020)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The surplus of the group for the year after providing for depreciation, amortisation and income tax amounted to \$17,630 (2020: \$171,131 deficit).

DATAGENE LTD AND CONTROLLED ENTITY

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DIRECTORS' REPORT

Review of operations

During the 2020-21 financial year, the group continued to focus on its principal activity of promoting the development of Australian agricultural and pastoral resources through delivering innovative solutions to meet the dairy industry's current and future needs, in particular by herd improvement. The vision, mission and strategic priorities are described more fully on the following pages. In another year impacted by the global pandemic, DataGene was able to continue its services uninterrupted and the results are disclosed in the attached financial statements.

After DataGene's first five years, the industry now has a modern genetic evaluation system, a Central Data Repository refreshed daily and DataVat a user-friendly platform for delivering individualised results, tools and services. This infrastructure has opened up opportunities that were once unimaginable, such as farmers granting electronic access to their advisors for herd test results, mastitis focus report, fertility focus report and the genetic futures report.

DataGene now runs 45 evaluations a year with three public releases. More frequent genetic evaluation paved the way for the adoption of female genomic testing as farmers get the results in time to make early decisions. In a great result, there has been a doubling of the number of females genomically tested during the year 2020/21. This was achieved by a combination of process/technology improvements and a collaborative awareness campaign between DataGene and Dairy Australia and the broader industry.

The CDR provides the technology for data access and collaboration across a wide group of industry organisations. It is exciting to see the collaboration extend internationally as DataGene works with other countries and dairy equipment manufacturers to develop the capacity to exchange data collected on farm.

DataGene delivered a surplus of \$17,630 for the year ended 2020/21. Cash reserves increased to \$1.38M demonstrating prudent financial management. The reserve will assist with the management of risks and enabling strategic investment in our people, infrastructure and innovative solutions for the industry.

Significant changes in state of affairs

On 11th March 2020 the World Health Organisation declared an ongoing global outbreak of a novel coronavirus, known as 'coronavirus disease 2019' ('COVID-19') as a pandemic.

While the broader economy has been impacted significantly, the group has experienced a limited impact from the COVID-19 pandemic. The group has largely maintained its operational activity so far, notwithstanding staff have been working from home. There have been no significant short-term implications to either revenue or operational expenditure. There have, however, been operational delays to projects which may have longer term implications beyond the balance date, however, the extent of these changes to date are relatively minor.

DATAGENE LTD AND CONTROLLED ENTITY

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DIRECTORS' REPORT

Short-term and long-term objectives and strategies

Vision, Mission and Strategic Priorities

The company's vision is to enable farmers and industry to maximise profit through data driven decisions. The company's mission is to deliver worldclass genetic evaluation, software and decisionmaking tools to enable Australian farmers to improve their herd and maximise their profit through datadriven decisions and innovative industry services.

DataGene's vision and mission are delivered by focusing on four strategic pillars:'

1. Improved decision making from data
2. Increased animal performance through herd improvement
3. Improved animal performance from R&D
4. Improved and diversified services

Strategic Pillar 1: Improved decision making from data

DataGene manages the Central Data Repository(CDR) and DataVat on behalf of the Australian dairy industry. Combined, they offer new opportunities for improved decision-making based on data. The CDR is the IT infrastructure that connects and stores data from a variety of external sources. DataVat is the web portal that allows for customised secure access to various reports, tools and resources that draw upon data in the CDR, including information from the genetic evaluation system.

This strategic pillar also includes Ginfo, the industry's national reference data set of genetic information. Ginfo includes genotypes (DNA) and phenotypes (performance information) which underpins the reliability of Australian Breeding Values (ABVs) and indices.

Short-term objectives include: integrating the Centralised Data Repository (CDR) and the International Dairy Data Exchange Network data exchange hub, and leveraging the connection for industry value; supporting the roll-out and implementation of HerdPlatform and associated tools through DataVat; and completing the next phase of Centre Software re-development.

Strategic Pillar 2: Increased animal performance through herd improvement

Genetics contributes about 30% of production gains on Australian dairy farms. DataGene's genetic evaluation system underpins these gains. A key goal is to increase the number of farmers breeding replacements from Good Bulls and using Australian Breeding Values and indices to make breeding decisions.

Short-term objectives include: supporting the uptake of heifer genomic testing through the Accelerating Genomics Project; the public release of Red Breeds Genomic breeding values and improved Semen Fertility Values; and improving the reporting of genetic trends, haplotypes, breed percent and genetic test results

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DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

Strategic Pillar 3: Improved animal performance from R&D

Genomics and other technological advances present opportunities to improve animal performance through herd improvement R&D. DataGene's main strategic priority is to increase the rate of genomic testing of females in the Australian dairy population. The data collected by the Central Data Repository (CDR) and Ginfo will enable the development of breeding values for traits that are difficult to measure, such as health traits and enable the industry to use new technologies such as MIR.

Short-term objectives include: working with DairyBio and stakeholders to create an implementation plan for a sustainability metric to leverage herd improvement data; ensuring automated connectivity for MIR spectra from lab to CDR; and maintaining Ginfo farmer participation at current levels, including classifications and genotyping

Strategic Pillar 4: Improved and diversified services

DataGene needs to be continually improving and diversifying its services to fulfil its vision of enabling farmers and their industry to maximise profit through data-driven decisions.

Short-term objectives include fostering collaboration with industry stakeholders through regular Standing Committees, User Groups, and other meeting opportunities; maintaining security auditing and penetration testing of DataGene systems; and continuing delivery of quality service to external customers, including weekly runs.

Principal activities

DataGene's objective is to promote the development of Australian agricultural and pastoral resources through development of the dairy industry, in particular by herd improvement.

Key performance indicators

DataGene uses a variety of short and long-term performance indicators and metrics to monitor performance.

In the longer term, DataGene evaluates its performance across four main areas: the genetic merit of the national herd; the market acceptance and uptake of its products; the level of herd recording within the industry; and the reach of its extension and communication activities. These are monitored on an ongoing basis.

In the shorter term, DataGene works with industry to develop an Annual Operating Plan that includes key performance indicators aligned with the strategic priorities. KPIs are set using SMART Objectives and progress is reported at every board meeting. The 2020/21 KPIs were structured within the four themes of the strategic plan mentioned above.

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DIRECTORS' REPORT

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely developments

The likely developments in the operations of the group and the expected results of those operations in subsequent financial years are as follows:

The operational changes to working conditions and travel restrictions imposed are likely to impact the timing and level of the group's international projects over the next period.

The full impact of the pandemic on the group will not be fully quantifiable for some time, however, in the short term the group continues to operate largely at its normal capacity, and is working with customers, suppliers and the wider industry to do everything possible to resume ordinary operations once Government actions permit.

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on directors

Ross Joblin

Qualifications

Experience

Chairman and Director, nominated by Dairy Australia

LLB (Hons), Dip Corporate Management, FAICD, FCIS, FGIA

Ross Joblin was previously part of Dairy Australia's senior management team leading its business operations group. Responsibilities included finance, strategic planning, human resources, issues management, corporate communications, human resources, IT, and legal. His prior experience includes a range of roles as a corporate lawyer and in senior management in listed public companies. This has provided him with a broad range of commercial experience in areas including operations management, corporate strategy, mergers, acquisitions and start-ups and human resources. Ross has also worked with a number of industry boards in the area of board governance and effectiveness.

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DIRECTORS' REPORT

Information on directors (Continued)

Lucinda Corrigan	Director
Qualifications	Bachelor of Science in Agriculture (Honours), FAICD
Experience	<p>Lucinda and her husband run 3,500 performance recorded cattle on seven properties in the NSW Murray Valley, near Albury. Over the past 30 years they have developed a leading Angus genetics business, 'Rennylea', from a small base, with dedicated use of Breedplan for genetic improvement and a highly accurate database of phenotypes and genotypes.</p> <p>Having graduated with an Agricultural Science degree, Lucinda also has significant off farm experience, including nine years as a Non Executive Director of Meat and Livestock Australia and Chair of the Animal Genetics and Breeding Unit at the University of New England (current)</p> <p>In 2007 Lucinda received the Helen Newton Turner Medal from AAABG in recognition for her contribution to animal breeding and genetics.</p>
Graeme Gillan	Director
Qualifications	
Experience	<p>Graeme Gillan is chair of the National Herd Improvement Association (NHIA) and former CEO of Holstein Australia. His involvement with dairy herd improvement spans more than 45 years, and several leading Australian genetics companies. Over this time Graeme has been involved at the coal face of herd improvement innovations including expanding the sources of genetics, the introduction of computerised mating programs and increasing the gene pool of the Jersey breed in the 1990s, overseas investment in Australian genetics in the 2000s and the promotion of genomics since 2010. He is passionate about the industry's role in influencing priorities for research, development and extension programs, to ensure genetics continues to deliver value to Australian dairy farm businesses.</p>
Tim Jelbart	Director
Qualifications	Bachelor of Applied Science (Valuations), AAPI
Experience	<p>Tim Jelbart is a dairy farmer from Inverloch, West Gippsland, Victoria. He manages Jelbart Dairy, a 1,000-cow Holstein herd that he owns with his brother. The business has used its herd improvement program to build a significant income stream from the sale of high genetic merit livestock. Before returning to the farm, Tim was a property valuer with Colliers International, where he developed strong analytical skills. He is excited to see the new genetic evaluation system now operating and looking forward to using DataGene's new tools, for example DataVat. These innovations will enable him to make informed and timely decisions based on his own herd and industry data. Jelbart Dairy was a Genetics Focus Farm in the ImProving Herds Project and hosted the National Muster field day which reported the project findings. The herd's detailed records have been used for industry R&D projects such as Ginfo and MIR for Health.</p>

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DIRECTORS' REPORT

Information on directors (Continued)

Simone Jolliffe	Director
Qualifications	Bachelor of Rural Science, GAICD
Experience	Raised into beef farming and studying a Bachelor of Rural Science, Simone held an interest in animals, genetics and their production potential long before she joined her husband in the dairy industry. Together they milk about 250 cows near Wagga in NSW. Simone has held a range of industry roles at the local, state and national level over many years. They include Australian Dairyfarmers and Dairy NSW boards and the NSW Primary Industry Minister's Advisory Council. She has also been actively involved in local Holstein Australia committees and a variety of community organisations.
Anthony Shelly	Director
Qualifications	Advanced Diploma of Agriculture
Experience	Anthony has spent most of his career in dairy herd improvement, creating the opportunity for him to fulfill a wide range of roles across the livestock industry. Anthony has an exceptional understanding of the application of herd improvement at all levels of business. He is also a non-executive director of the National Herd Improvement Association of Australia (NHIA), the current CEO of Genetics Australia. Anthony remains passionate about the role of genetics and data in helping farmers optimise their businesses.
Samantha Simpson	Director (appointed 19 November 2020)
Qualifications	MMarketing (Agribusiness), BAppSci(Agric), GradDipAgribusiness, DipFrontlineManagement
Experience	Sam Simpson and her husband operate at 450-cow dairy farm, CraiglandsHolsteins, at Larpent in South Western Victoria. They have been members of Holstein Australia for 15 years and genotyping their animals since 2015. Sam runs the herd's breeding program as well as the business finances, HR and information systems. She is actively involved a number of industry groups including promoting dairy to the local community and school groups. Craiglands Holsteins was a focus farm for the ImProving Herds project and Sam was a member of the MIR for Profit project steering committee. Before taking on a full-time role with the farm, Sam spent 10 years as a sheepofficer and Farm\$mart Project Manager with the Victorian Department of Primary Industries.

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DIRECTORS' REPORT**Information on directors (Continued)**

Craig Lister	Director (resigned 19 November 2020)
Qualifications	Bachelor of Business (Agricultural Management)
Experience	<p>Craig Lister is a dairy farmer and Holstein breeder from Calivil, Northern Victoria. Craig is a former Chair of the ImProving Herds project steering committee and is a former director of Murray Dairy and Chair of the Murray Dairy industry steering group.</p> <p>Craig has very strong financial analysis, data interpretation and strategic planning skills. He holds a Bachelor of Business (Agricultural Management) backed up by experience in agricultural consulting, industry research and development projects and his own farm business.</p> <p>Craig is an advocate for the on farm application of genetic evaluation and livestock improvement technologies. His herd currently ranks in the top 10 in Australia for Balanced Performance Index (BPI), the genetic merit index for profit.</p>

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Ross Joblin	10	9
Lucinda Corrigan	10	10
Graeme Gillan	10	10
Tim Jelbart	10	10
Simone Jolliffe	10	10
Anthony Shelly	10	10
Samantha Simpson	6	6
Craig Lister	4	4

Members guarantee

The group is incorporated under the *Corporations Act 2001* and is a group limited by guarantee. If the group is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstanding obligations of the group. At 30 June 2021 the number of members was 27. The combined total amount that members of the group are liable to contribute if the group is wound up is \$270.

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DIRECTORS' REPORT

Indemnification of officers

During or since the end of the period, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the group against liabilities arising from their roles within the group.

Further disclosure under section 300(9) of the Corporations Law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

DATAGENE LTD AND CONTROLLED ENTITY

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DIRECTORS' REPORT

Signed on behalf of the board of directors.



Director: _____

Ross Joblin



Director: _____

Graeme Gillan

Dated this 28th day of September 2021

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DATAGENE LTD AND CONTROLLED ENTITY

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of DataGene Ltd and the entities it controlled during the year.



K L BYRNE
Partner



PITCHER PARTNERS
Melbourne

Date: 28 September 2021

DATAGENE LTD AND CONTROLLED ENTITY

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Revenue and other income			
Sales revenue	2	5,325,620	4,843,530
Other revenue	3	2,385	4,652
Other income	3	<u>89,159</u>	<u>279,115</u>
		<u>5,417,164</u>	<u>5,127,297</u>
Less: expenses			
Communication and marketing expense		(204,404)	(179,576)
Data collection expense		(410,934)	(306,109)
Depreciation and amortisation expense	4	(544,676)	(546,621)
Employee benefits expense	4	(2,574,506)	(2,618,839)
Interest expense on lease liability	4	(43,744)	(45,392)
Occupancy expense		(2,260)	(14,025)
Operating expense		(61,101)	(62,557)
Professional fees		(57,164)	(60,420)
Project expenses		-	(60,767)
Software development expense		(239,826)	(470,694)
Software expense	4	(817,466)	(382,081)
Travel expense		(28,947)	(76,821)
Other expenses		<u>(414,506)</u>	<u>(474,526)</u>
		<u>(5,399,534)</u>	<u>(5,298,428)</u>
Surplus / (loss)		17,630	(171,131)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>17,630</u></u>	<u><u>(171,131)</u></u>

The accompanying notes form part of these financial statements.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	5	1,377,677	813,218
Receivables	6	512,947	604,222
Other financial assets	7	109,387	108,153
Other assets	8	<u>1,466</u>	<u>51,466</u>
Total current assets		<u>2,001,477</u>	<u>1,577,059</u>
Non-current assets			
Intangible assets	9	4,033,873	4,458,896
Lease assets	10	1,093,213	1,156,885
Property, plant and equipment	11	<u>417,679</u>	<u>451,968</u>
Total non-current assets		<u>5,544,765</u>	<u>6,067,749</u>
Total assets		<u>7,546,242</u>	<u>7,644,808</u>
Current liabilities			
Payables	12	736,065	870,974
Lease liabilities	10	85,662	85,967
Provisions	13	<u>463,776</u>	<u>417,184</u>
Total current liabilities		<u>1,285,503</u>	<u>1,374,125</u>
Non-current liabilities			
Lease liabilities	10	1,044,674	1,090,538
Provisions	13	<u>76,573</u>	<u>58,283</u>
Total non-current liabilities		<u>1,121,247</u>	<u>1,148,821</u>
Total liabilities		<u>2,406,750</u>	<u>2,522,946</u>
Net assets		<u>5,139,492</u>	<u>5,121,862</u>
Equity			
Accumulated surplus	14	<u>5,139,492</u>	<u>5,121,862</u>
Total equity		<u>5,139,492</u>	<u>5,121,862</u>

The accompanying notes form part of these financial statements.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Accumulated surplus \$	Total equity \$
Consolidated		
Balance as at 1 July 2019	5,292,993	5,292,993
Loss for the year	<u>(171,131)</u>	<u>(171,131)</u>
Total comprehensive income for the year	<u>(171,131)</u>	<u>(171,131)</u>
Balance as at 30 June 2020	<u><u>5,121,862</u></u>	<u><u>5,121,862</u></u>
Balance as at 1 July 2020	5,121,862	5,121,862
Surplus for the year	<u>17,630</u>	<u>17,630</u>
Total comprehensive income for the year	<u>17,630</u>	<u>17,630</u>
Balance as at 30 June 2021	<u><u>5,139,492</u></u>	<u><u>5,139,492</u></u>

The accompanying notes form part of these financial statements.

DATAGENE LTD AND CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
Cash flow from operating activities			
Receipts from customers		6,047,532	5,557,204
Payments to suppliers and employees		(5,378,928)	(5,120,942)
Interest received		2,385	4,562
Finance costs		<u>(43,744)</u>	<u>(45,392)</u>
Net cash provided by operating activities		<u>627,245</u>	<u>395,432</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		16,327	-
Payment for property, plant and equipment		(35,851)	(68,832)
Payment for investments		<u>(1,234)</u>	<u>(44,233)</u>
Net cash used in investing activities		<u>(20,758)</u>	<u>(113,065)</u>
Cash flow from financing activities			
Principal portion of lease payments		<u>(42,028)</u>	<u>(40,124)</u>
Net cash provided by / (used in) financing activities		<u>(42,028)</u>	<u>(40,124)</u>
Reconciliation of cash			
Cash at beginning of the financial year		813,218	570,975
Net increase in cash held		<u>564,459</u>	<u>242,243</u>
Cash at end of financial year		<u>1,377,677</u>	<u>813,218</u>

The accompanying notes form part of these financial statements.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers DataGene Ltd and its consolidated entity. DataGene Ltd is a company limited by guarantee, incorporated and domiciled in Australia. DataGene Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Coronavirus (COVID-19)

Since the declaration by the World Health Organisation on 11 March 2020, of the Coronavirus as a pandemic, there has been a significant impact on local and world economics. This pandemic may have an impact on the financial position, and may affect financial performance of the consolidated entity in the future.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

DATAGENE LTD AND CONTROLLED ENTITY

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

(d) Revenue from contracts with customers

The group derives revenue from funding from Dairy Australia, the provision of genetic evaluation services, data and software services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services.

Revenue from fulfilment of grant performance obligations

Revenue from fulfilment of grant performance obligations comprises revenue derived from Dairy Australia funding agreements. These performance obligations are satisfied in line with agreed milestones under funding agreements that contain enforceable and sufficiently specific performance obligations. Revenue is recognised over time, as performance obligations are satisfied, based on the fulfilment of milestones, consistent with the manner and timing as stated in the funding agreements.

Revenue from the provision of services

Revenue from the provision of services comprises revenue derived from the provision of genetic evaluation, data and software services. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations. Revenue from the provision of services is recognised over time, as performance obligations are satisfied, based on either costs incurred or service hours performed, consistent with the manner in which services are provided.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income arising from the transfer of assets

The group derives income from the transfer of assets when the group provides no consideration in exchange for the asset received, or the consideration provided by the group is significantly less than the fair value of the asset received, principally to enable the group to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Operating grants

A transfer of an asset, including cash, under arrangements that do not contain enforceable and sufficiently specific performance obligations is referred to in the financial statements as an 'operating grant'. Assets arising from operating grants are recognised at fair value when the group obtains control of the asset. Any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions are recognised in accordance with the applicable Australian Accounting Standard. The excess of the initial carrying amount of assets received over the aggregate of the consideration provided by the group and any related amounts is recognised as income.

(f) Other revenue and other income

Membership subscription fees

Membership fees are recognised as revenue when no significant uncertainty as to its collectibility exists, if the fee relates only to membership and all other services or products are paid for separately, or if there is a separate annual subscription. Membership fees are recognised on a basis that reflects the timing, nature and value of the benefit provided if the fee entitles the member to services or publications to be provided during the membership period, or to purchase goods or services at prices lower than those charged to non-members.

Interest

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(g) Income tax

No provision for income tax has been raised as the group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers, contract assets and lease receivables.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

(i) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles at cost	14 - 20%	Straight line
Office equipment at cost	15%	Straight line
Computer equipment at cost	25 - 33%	Straight line
Office fit-out	5%	Straight line

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets

Software development expenditure

The software expenditure relates to a re-write project for genetic software. The re-write project was important to the industry to assist with the production of Australian breeding values. Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Amortisation of software expenditure

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

GESNP, CDR and DataVat software is now in use as of April 2019 and the amortisation rate is over 12 years or 8.3%.

Other intangibles

Other intangibles acquired in a business combination are initially recognised at fair value at the acquisition date. Such intangibles are amortised over their estimated useful lives and are carried at cost less accumulated amortisation and any impairment losses.

Other intangible assets other than those acquired in a business combination are initially recorded at cost. Other intangible assets are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and amounts are written off to the extent the realisable future benefits are considered to be no longer probable.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the group can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(n) Goods and services tax (GST)

Revenues, expenses and purchased 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 consolidated statement of financial position are shown inclusive of GST.

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

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

DATAGENE LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers		
Rendering of services	2,895,620	2,289,508
Dairy Australia funding	2,425,000	2,554,022
Membership fees	<u>5,000</u>	<u>-</u>
	<u><u>5,325,620</u></u>	<u><u>4,843,530</u></u>

NOTE 3: OTHER REVENUE AND OTHER INCOME

Other revenue		
Interest income	2,385	4,652
Other Income		
Profit on sale/revaluation of non current assets	6,309	-
Other income	<u>82,850</u>	<u>279,115</u>
	<u><u>89,159</u></u>	<u><u>279,115</u></u>

NOTE 4: OPERATING SURPLUS

Surplus has been determined after:

Finance costs		
- Lease liabilities - finance charges	43,744	45,392
Depreciation	60,122	67,516
Amortisation	484,554	479,105
Employee benefits	2,574,506	2,618,839
Software expense	(a) 817,466	382,081

(a) Software expense includes the cost of engaging external software developers to deliver numerous projects to external clients plus various software licences.

DATAGENE LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>1,377,677</u>	<u>813,218</u>
 NOTE 6: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	498,878	604,222
Other receivables	<u>14,069</u>	<u>-</u>
	<u>512,947</u>	<u>604,222</u>
 NOTE 7: OTHER FINANCIAL ASSETS		
CURRENT		
<i>Financial assets measured at amortised cost</i>		
Cash on deposit	<u>109,387</u>	<u>108,153</u>
 NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	1,466	1,466
Accrued income	<u>-</u>	<u>50,000</u>
	<u>1,466</u>	<u>51,466</u>

DATAGENE LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 9: INTANGIBLE ASSETS		
Software - Centre	100,000	100,000
Accumulated amortisation and impairment	<u>(100,000)</u>	<u>(98,836)</u>
	-	1,164
Software development - GESNP, CDR and DataVat at cost	4,961,135	4,961,135
Accumulated amortisation and impairment	<u>(928,797)</u>	<u>(515,369)</u>
	4,032,338	4,445,766
Other intangibles - Good Bulls App at cost	52,154	52,154
Accumulated amortisation and impairment	<u>(50,619)</u>	<u>(40,188)</u>
	<u>1,535</u>	<u>11,966</u>
Total intangible assets	<u><u>4,033,873</u></u>	<u><u>4,458,896</u></u>

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Software Centre

Opening balance	1,164	26,164
Amortisation expense	<u>(1,164)</u>	<u>(25,000)</u>
Closing balance	<u><u>-</u></u>	<u><u>1,164</u></u>

Software Development - GESNP, CDR and DataVat

Opening balance	4,445,766	4,829,696
Amortisation expense	<u>(413,428)</u>	<u>(383,930)</u>
Closing balance	<u><u>4,032,338</u></u>	<u><u>4,445,766</u></u>

Good Bulls Guide

Opening balance	11,966	22,397
Amortisation expense	<u>(10,431)</u>	<u>(10,431)</u>
Closing balance	<u><u>1,535</u></u>	<u><u>11,966</u></u>

DATAGENE LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 10: LEASE ASSETS AND LEASE LIABILITIES		
(a) Lease assets		
Land and buildings		
Under lease	1,212,488	1,216,629
Accumulated depreciation	<u>(119,275)</u>	<u>(59,744)</u>
	<u>1,093,213</u>	<u>1,156,885</u>
Total carrying amount of lease assets	<u><u>1,093,213</u></u>	<u><u>1,156,885</u></u>
Reconciliations		
Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:		
<i>Land and buildings</i>		
Opening carrying amount	1,156,885	1,216,629
Depreciation	(59,531)	(59,744)
Impact of revised lease payments	<u>(4,141)</u>	<u>-</u>
Closing carrying amount	<u><u>1,093,213</u></u>	<u><u>1,156,885</u></u>
(b) Lease liabilities		
CURRENT		
Lease liability	<u>85,662</u>	<u>85,967</u>
NON CURRENT		
Lease liability	<u>1,044,674</u>	<u>1,090,538</u>
Total carrying amount of lease liabilities	<u><u>1,130,336</u></u>	<u><u>1,176,505</u></u>
(c) Lease expenses and cashflows		
Interest expense on lease liabilities	43,744	45,392
Depreciation expense on lease assets	59,531	59,744
Cash outflow in relation to leases	85,773	85,516

DATAGENE LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles at cost	55,548	90,117
Accumulated depreciation	<u>(45,160)</u>	<u>(55,244)</u>
	10,388	34,873
Office equipment at cost	2,530	2,530
Accumulated depreciation	<u>(1,954)</u>	<u>(1,529)</u>
	576	1,001
Computer equipment at cost	291,334	255,518
Accumulated depreciation	<u>(222,970)</u>	<u>(195,281)</u>
	68,364	60,237
Office fit-out	384,992	384,992
Accumulated depreciation	<u>(46,641)</u>	<u>(29,135)</u>
	<u>338,351</u>	<u>355,857</u>
Total property, plant and equipment	<u><u>417,679</u></u>	<u><u>451,968</u></u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Motor vehicles

Opening carrying amount	34,873	49,935
Disposals	(10,018)	-
Depreciation expense	<u>(14,467)</u>	<u>(15,062)</u>
Closing carrying amount	<u><u>10,388</u></u>	<u><u>34,873</u></u>

Office equipment

Opening carrying amount	1,001	1,425
Depreciation expense	<u>(425)</u>	<u>(424)</u>
Closing carrying amount	<u><u>576</u></u>	<u><u>1,001</u></u>

Computer equipment

Opening carrying amount	60,237	25,928
Additions	35,851	68,832
Depreciation expense	<u>(27,724)</u>	<u>(34,523)</u>
Closing carrying amount	<u><u>68,364</u></u>	<u><u>60,237</u></u>

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Office fit-out</i>		
Opening carrying amount	355,857	373,364
Depreciation expense	<u>(17,506)</u>	<u>(17,507)</u>
Closing carrying amount	<u><u>338,351</u></u>	<u><u>355,857</u></u>
 NOTE 12: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	481,770	513,968
Amounts payable to:		
- associated companies (Holstein Australia, Jersey Australia and NHIA)	21,182	20,926
Other creditors	<u>233,113</u>	<u>336,080</u>
	<u><u>736,065</u></u>	<u><u>870,974</u></u>
 NOTE 13: PROVISIONS		
CURRENT		
Employee benefits	(a) <u>463,776</u>	<u>417,184</u>
NON CURRENT		
Employee benefits	(a) <u>76,573</u>	<u>58,283</u>
(a) Aggregate employee benefits liability	540,349	475,467
 NOTE 14: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of year	5,121,862	5,292,993
Net surplus / (loss)	<u>17,630</u>	<u>(171,131)</u>
	<u><u>5,139,492</u></u>	<u><u>5,121,862</u></u>

DATAGENE LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

Related party transactions are separated into transactions with founding members, KMP related entities and members.

All transactions with related parties were at arm's length for the year ended 30 June 2021.

The consolidated group entered into related party transactions with the following classes of parties:

	2021	2020
	\$	\$
Founding member funding and sales	2,731,428	2,800,052
KMP related entity sales	708,961	729,251
Founding member purchases	-	(3,361)
KMP related entity purchases	(153,750)	(113,908)
Member purchases	-	(145,312)
Founding member trade debtors	104,462	254,353
KMP related entity trade debtors	122,048	109,600
KMP related entity trade creditors	(11,054)	(3,283)
Member trade creditors	<u>-</u>	<u>(36,960)</u>

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the group for the financial year 1 July 2020 to 30 June 2021.

- short-term employee benefits	752,600	680,716
- post-employment benefits	<u>73,753</u>	<u>65,974</u>
	<u>826,353</u>	<u>746,690</u>
Total number of KMP during the year	<u>11</u>	<u>11</u>

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the group.

DATAGENE LTD AND CONTROLLED ENTITY

ABN: 78 613 579 614

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 18: MEMBERS' GUARANTEE

The group is incorporated under the *Corporations Act 2001* and is a group limited by guarantee. If the group is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of the group. At 30 June 2021 the number of members was 27. The combined total amount that members of the group are liable to contribute if the group is wound up is \$270.

NOTE 19: CONTINGENT LIABILITIES

A contingent liability exists for the portion of office space and carparks relating to the other tenants of Dairy House, as the lease agreement holds all 3 tenants equally liable for any lease payments. The value of the contingent liability is determined by discounting the cashflows of the full lease agreement less Datagene's share that is already recognised as a lease liability under AASB 16.

A contingent liability exists for bank guarantees for rental of Dairy House, Agri Bio, Bundoora. The term deposit is restricted collateral for this lease.

	2021	2020
	\$	\$
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Lease liability	1,110,616	1,155,980
Bank guarantee	<u>42,006</u>	<u>42,006</u>
	<u><u>1,152,622</u></u>	<u><u>1,197,986</u></u>

DATAGENE LTD AND CONTROLLED ENTITY
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DIRECTORS' DECLARATION

The directors declare that:

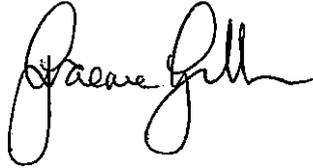
1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Director: _____

Ross Joblin



Director: _____

Graeme Gillan

Dated this 28th day of September 2021

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DATAGENE LTD AND CONTROLLED ENTITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DataGene Ltd and controlled entity "the company" and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the 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 Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the financial report does not cover the other information and accordingly 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

DATAGENE LTD AND CONTROLLED ENTITY
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DATAGENE LTD AND CONTROLLED ENTITY

Other Information (Continued)

our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

DATAGENE LTD AND CONTROLLED ENTITY
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DATAGENE LTD AND CONTROLLED ENTITY

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



K L BYRNE

Partner



PITCHER PARTNERS

Melbourne

Date: 28 September 2021



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