

**VETSHARE LIMITED
and
INDEPENDENT VETS of AUSTRALIA (IVA) PTY LTD
(ABN 25 153 799 092)
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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DIRECTORS' REPORT

The Directors present their report on VetShare Limited (VetShare) and Independent Vets of Australia (IVA) Pty Ltd ("the group") for the year ended 30 June 2021

Directors

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

Mark Ethell (Non-Executive Director, appointed 18 October 2011)
Lindsay Hay (Non-Executive Director, appointed 26 March 2012)
Alvaro Ramos (Non-Executive Director, appointed 27 September 2016)

Principal Activities and Significant Changes in Nature of Activities

The principal business activity of VetShare during FY21 continued to be the buying and management group business operating via its wholly owned subsidiary, Independent Vets of Australia (IVA) Pty Ltd.

Operating Results and Review of Operations for the Year Operating Results

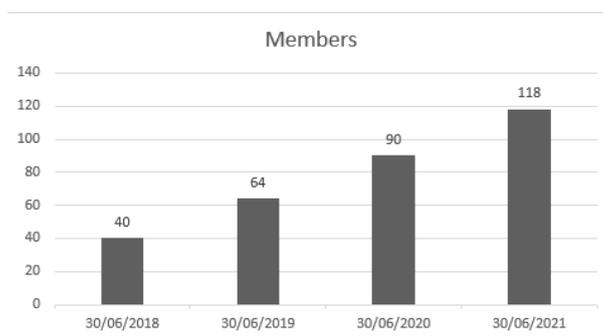
The group recorded a profit of \$9,379,501 for the year ended 30 June 2021, the lion's share of which arose from the sale of Independent Vets of Australia Pty Ltd to Swedish company, VetFamily. Excluding this sale, there was nevertheless a significant increase in operating profit compared to the previous year because of the continued growth in the buying group business. This was contributed to by significant growth in the practice membership base as well as being correlated with organic growth of the individual veterinary practices themselves. These stellar results are due to the tremendous efforts of our entire team and the excellent support of our partners.

Review of Operations

Independent Vets of Australia (IVA) offers its members a compelling portfolio of rewards, rebates, discounts and programs which we believe is of excellent value and significantly greater than practices can achieve on their own. Member practices can take advantage of substantial cost-savings and business growth programs that result in significant boosts to practice profitability and the valuation of their business.

There are more than 40 preferred partners on offer to member practices. Taking advantage of all or even most of the preferred partner offerings, IVA member practices save tens of thousands of dollars each year.

As at June 2021, there were 118 practice members of IVA which represents growth of 31% in the 12 months.



New practices are seeing the value of IVA membership and we are grateful to existing members for their enthusiastic word of mouth referrals. The IVA team is making significant efforts to continue growing our membership by raising the value proposition it offers. Practice members are currently located in ACT, NSW, QLD, SA, TAS and VIC. Because of the Australia-wide coverage of our partners, practices can join IVA from anywhere in the country and start benefitting immediately from the large suite of IVA deals.

Significant Changes in State of Affairs

While the sale of IVA took effect on July 1st 2021 in a legal and practical sense, the effective date from a tax perspective is deemed to be in June 2021.

Dividends Paid or Recommended

Unfranked dividend of \$1,650,000 was paid to Vetshare by IVA on the 14th June 2021

Events after the Reporting Period

The sale of Independent Vets of Australia to VetFamily took effect on 1st July, 2021.

Future Developments, and Prospects and Business Strategies

With the sale of Independent Vets of Australia Pty Ltd, VetShare no longer has an operating business. The directors will put a proposal to the shareholders at the upcoming AGM about the potential distribution of funds to shareholders. VetShare's sale of IVA for \$9,700,000 comprises \$6,850,000 cash which the company has already received plus a second payment of \$2,850,000 to be received in a year contingent upon the continued success of IVA. The directors will suggest to the shareholders that VetShare be wound down after receipt of the second and final payment.

Environmental Issues

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

Information on Directors

Dr Mark Ethell BVSc MVetClinStud MANZCVSc FACBS Diplomate ACVS

Chairman of the Board

Mark is a veterinarian, specialist equine surgeon and previous owner of the Canberra Veterinary Group consisting of small animal and equine practices in the ACT and surrounds. He was the inaugural President of the Australian Veterinary Business Association and served on the Board for many years. Mark has also served as President of the AVA (ACT Div), AVA Policy Councillor, and on the Committee of the Australian Veterinary Practice Management Association.

Mark is a graduate of Sydney University with Bachelor and Masters degrees and has worked and trained in the USA and New Zealand for several years before settling in Canberra. Mark is co-founder of VetShare Ltd and IVA

Dr Lindsay Hay BVSc MVS MACVSc AIMM

Lindsay graduated with his Bachelor of Veterinary Science degree from the University of Sydney in 1974 and was employed as a veterinary associate at St George Animal Hospital in Sydney. In 1985 he joined Ian Eade in partnership at the Baulkham Hills Veterinary Hospital and has been the sole owner there since 1998.

Lindsay gained membership of the Australian College of Veterinary Scientists (1980) in canine surgery, an MVS from Murdoch University (1996) and completed a Graduate Certificate in Management (Veterinary Practice) at the University of Western Sydney in 2000.

Lindsay was a member of the national Australian Veterinary Practice Management Association committee (2000-2007), President of the Australian Veterinary Association (1979-1981) and founding Board Member of the Australian Veterinary Business Association.

Alvaro Ramos

Alvaro (Al) has over 30 years experience as a business advisor and coach, specialising in assisting private business owners to successfully grow and extract significant value from their businesses. Additionally, Al spent over 10 years in senior leadership roles in corporate organisations, most recently as the lead partner for Deloitte Private in Canberra. He is well known for his business strategy development acumen and proven strategy implementation capability.

Group Secretary

The following persons held the position of group secretary during or since the end of financial year:

- Elizabeth Ogden (appointed 28 November, 2017)
- Corey Vella (appointed 30 November, 2017)

Meeting of Directors

During the year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

Information on Directors	Number attended	Number eligible to attend
Mark Ethell	11	11
Lindsay Hay	11	11
Alvaro Ramos	11	11

Indemnifying Officers or Auditor

No indemnity was provided during the year to any officer or auditor of the group. An insurance premium was paid to insure the Directors.

Options

No options over issued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the date of 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. The group was not a party to any such proceedings during the year.

Non-audit Services

During the year year ended 30 June 2021, non-audit services amounting to \$5,500 were provided by GCC Business & Assurance Pty Ltd.

Officers of the group who are former audit partners of GCC Business & Assurance Pty Ltd

There are no officers of the group who are former partners of GCC Business & Assurance Pty Ltd.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at the end of this document.

Auditor

GCC Business & Assurance Pty Ltd continues in office in accordance with Section 327 of Corporations Act 2001. The financial statements were authorised for issue by the board of directors on the 24th September 2021

Signed in accordance with a resolution of the Board of Directors:



Dated

24/09/2021

Mark Ethell (Chairman)



Dated

24/09/2021

Lindsay Hay (Director)



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

	Note	30-Jun-21 \$	30-Jun-20 \$
Revenue	2	1,509,891	1,359,909
Other income	2	9,373,138	106,955
Cost of sales		(5,975)	(48,000)
Employee benefits expense		(598,450)	(610,281)
Conference costs		(32)	(117,986)
Professional fees		(50,723)	(35,785)
IT expenses		(11,181)	(5,959)
Occupancy expenses		(4,600)	(4,600)
Marketing expenses		(74,921)	(41,702)
Insurance expenses		(10,094)	(9,534)
Travel and accommodation expenses		(233)	(47,951)
Motor vehicle expenses		(5,533)	(10,217)
Other expenses		(82,953)	(80,442)
Profit/(loss) before income tax		10,038,332	454,407
Income tax expense	3	(658,831)	-
Profit/(loss) after income tax expense for the year		9,379,501	454,407
Other comprehensive income		-	-
Total comprehensive income for the year		9,379,501	454,407
Net Profit/(loss) attributable to:			
Members of VetShare Limited		9,379,501	454,407
Earnings per share from continuing operations attributable to the owners of VetShare Limited			
Basic earnings per share		1.45	0.07

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	30-Jun-21 \$	30-Jun-20 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,775,637	1,073,492
Trade receivables	7	177,332	176,758
Other receivables	8	6,867,021	867,008
TOTAL CURRENT ASSETS		9,819,990	2,117,258
NON-CURRENT ASSETS			
Plant and equipment		-	-
Other receivables	8	2,850,000	-
TOTAL NON-CURRENT ASSETS		2,850,000	-
TOTAL ASSETS		12,669,990	2,117,258
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	795,202	313,641
Provisions	10	685,854	19,184
TOTAL CURRENT LIABILITIES		1,481,056	332,825
TOTAL LIABILITIES		1,481,056	332,825
NET ASSETS		11,188,934	1,784,433
EQUITY			
Issued capital	11	5,199,621	5,174,621
Accumulated Profit/losses		5,989,313	(3,390,188)
TOTAL EQUITY		11,188,934	1,784,433

The accompanying notes form part of these financial statements.

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

	Issued Capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2019	5,154,935	(3,844,594)	1,310,341
Comprehensive Income		-	-
Income for the year ended 30 June 2020		454,407	454,407
Total transactions with owners and other transfers			
Equity issued	19,686	-	19,686
Balance at 30 June 2020	5,174,621	(3,390,188)	1,784,433
Balance at 1 July 2020	5,174,621	(3,390,188)	1,784,433
Comprehensive Income			
Income for the year ended 30 June 2020		9,379,501	9,379,501
Total comprehensive income for the year	-	9,379,501	9,379,501
Total transactions with owners and other transfers			
Equity issued	25,000	-	25,000
Balance at 30 June 2021	5,199,621	5,989,313	11,188,934

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	30-Jun-21	30-Jun-20
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,660,307	1,456,665
Payments to suppliers and employees	(872,519)	(1,090,316)
Interest revenue received	7,692	11,876
Movement in term deposit	844,682	-
Cash receipts from other operating activities	36,983	90,000
Net cash from/(used in) operating activities	1,677,145	468,225
CASH FLOWS FROM INVESTING ACTIVITIES		
Other cash items from investing activities	-	(216,588)
Net cash from/(used in) investing activities	-	(216,588)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	25,000	19,686
Net cash from/(used in) financing activities	25,000	19,686
Net increase (decrease) in cash held	1,702,145	271,323
Cash and cash equivalents at beginning of financial year	1,073,492	802,169
Cash and cash equivalents at end of financial year	2,775,637	1,073,492

The accompanying notes form part of these financial statements.

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

Note 1: Summary of Significant Accounting Policies

Vetshare Limited and Independent Vets of Australia Pty Ltd are companies limited by shares, incorporated and domiciled in Australia.

Significant events - Sale of controlled entity Independent Vets of Australia Pty Ltd (IVA). VetShare Limited entered into an agreement on the 10th of June, 2021 to sell its shares in its wholly controlled entity, IVA, for a consideration of \$9,700,000. Following completion of the agreement, IVA paid a dividend to VetShare of \$1,650,000 on the 14th June, 2021. As the change in beneficial ownership was designated as 1st July, 2021 the earnings of IVA have been recognised in these accounts through to 30th Jun, 2021. The first instalment of the consideration of \$6,850,000 was received on 1st of July, 2021 with the balance of \$2,850,000 due on 1st July, 2022.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, and Interpretations, as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* as applicable for a for-profit entity. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue, in accordance with a resolution of directors on the 24th of September 2021

The financial statements have been prepared under historical cost convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Foreign Currency Translation

The financial statements are presented in Australian Dollars, which is the group's functional and presentation currency.

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.

a.

Revenue recognition

Revenue is recognised when it is probable that economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable on sales of goods and services.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Revenue

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

b.

Income Tax

Income tax for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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

Note 1: Summary of Significant Accounting Policies (continued)**c. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current. A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Financial Instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity 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 purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, or amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in the profit or loss.

Fair value is determined based on current bid prices for all quoted investments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fair value is determined based on current bid prices for all quoted investments.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial instrument has been impaired.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the group no longer has any significant continuing involvement in the risks and benefits associated with the assets. Financial liabilities are derecognised where related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

g. Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The increase in the provision resulting from the passage of time is recognised as a finance cost.

h. Cash and Cash Equivalents

Cash and cash equivalents include, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

- i. **Trade and Other Receivables**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.
- j. **Trade and other Payables**
Trade and other payables represent the liabilities for goods and services received by the group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.
- k. **Goods and Services Tax (GST)**
Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from Australian Tax Office (ATO).
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.
- l. **Contributed Equity**
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
- m. **Critical Accounting Estimates and Judgments**
The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates and judgements*(i) Assessment for impairment of receivables*

The impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

(ii) Income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations (including interpretation of capital gains tax legislation) undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The entity recognises liabilities for anticipated tax audit issues based on the entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iii) Sale of controlled entity

In accordance with commercial practice the sales agreement for the sale of IVA contains a number of warranty provisions and conditions of sale which, if not met, could ultimately lead to a reduction in the consideration received. At the date of this report the directors expect VetShare to meet all obligations and conditions. However future activities, events and transactions are, by their nature, not predicatable nor fully under the control of the directors.

Note 2: Revenue and Other Income

	30-Jun-21	30-Jun-20
	\$	\$
Revenue from continuing operations		
Sales revenue:		
- Memberships, rebates, commissions, sponsorships and marketing co operative funds	1,509,891	1,359,909
- Customer discounts	-	-
	<u>1,509,891</u>	<u>1,359,909</u>
Other revenue:		
- Interest received	7,692	11,876
- Other income	6,983	5,079
- Sale of Shares in Subsidiary IVA Pty Ltd	9,328,463	-
- Covid-19 PAYG Government Stimulus	30,000	90,000
	<u>9,373,138</u>	<u>106,955</u>
Total revenue	<u>10,883,029</u>	<u>1,466,864</u>

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

Note 3: Tax Expense	2021	2020
The prima facie tax on Profit/(loss) from ordinary activities is reconciled to the income tax as follows:		
Profit/(Loss) before income tax	10,038,332	454,407
Prima facie tax benefit on loss from ordinary activities before income tax at 26% (2020: 27.5%)	2,609,966	124,962
Add/(Deduct):		
Non assessable items and available capital gain tax discounts	(1,168,227)	(24,750)
Available tax losses utilised	(782,908)	(100,212)
Deferred tax asset not brought to account	-	-
Income tax expenses	658,831	-
Total income tax losses and timing differences for which no deferred tax asset has been recognised at 26% (2020: 27.5%).	-	(950,000)

The potential future income tax benefit will be obtained if:

- i. The relevant group derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;
- ii. The group continues to comply with the conditions for deductibility imposed by the law; and

No changes in tax legislation adversely affect the group in realising the benefit.

Note 4: Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the group during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	75,000	75,000
Other long-term employee benefits	-	-
Post-employment benefits	-	-
Total KMP compensation	75,000	75,000

KMP Shareholdings

The number of ordinary shares in VetShare Limited held by each KMP of the group during the year are as follows:

30-06-20	Granted as remuneration during the year	Issued on exercise of options during the year	New shares issued during the year	Balance at end of year
Mr Mark Ethell	-	-	-	647,500
Mr Lindsay Hay	-	-	-	152,881
Mr Al Ramos	-	-	-	29,791
Total	-	-	-	830,172

30-06-21	Granted as remuneration during the year	Issued on exercise of options during the year	New shares issued during the year	Balance at end of year
Mr Mark Ethell	-	-	-	647,500
Mr Lindsay Hay	-	-	-	152,881
Mr Al Ramos	-	-	-	29,791
Total	-	-	-	830,172

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

Note 5: Auditors' Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor for:		
- Audit and review of the financial statements	16,750	13,772
- Other services	5,500	3,500
	<u>22,250</u>	<u>17,272</u>

Note 6: Cash and Cash Equivalents

	30-Jun-21	30-Jun-20
	\$	\$
Cash at bank	2,775,637	1,073,492
	<u>2,775,637</u>	<u>1,073,492</u>

Note 7: Trade and Other Receivables

	30-Jun-21	30-Jun-20
	\$	\$
Trade receivables	<u>177,332</u>	<u>176,758</u>

The balances of receivables are considered to be of high credit quality, therefore no impairment is required.

Fair value and credit risk

Due to the short-term nature of the receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

Note 8: Other Receivables

	30-Jun-21	30-Jun-20
	\$	\$
CURRENT		
Prepayments	16,995	15,283
Sale of Shares in controlled entity - IVA Pty Ltd (note 1.)	6,850,000	
Cash on hand	25	60
Term deposits	-	851,665
	<u>6,867,021</u>	<u>867,008</u>
NON CURRENT		
Sale of Shares in controlled entity - IVA Pty Ltd (note 1.)	<u>2,850,000</u>	<u>-</u>

Note 9: Trade and Other Payables

	30-Jun-21	30-Jun-20
	\$	\$
CURRENT		
Trade payables	339,414	217,162
Sundry payables and accrued expenses	455,788	96,479
	<u>795,202</u>	<u>313,641</u>

Note 10: Provisions

Provision for long service leave	7,416	6,468
Provision for annual leave	19,607	12,716
Provision for income tax payable	658,831	
	<u>685,854</u>	<u>19,184</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 11: Issued Capital

	30-Jun-21	30-Jun-20
	\$	\$
Ordinary shares fully paid	5,199,621	5,174,621
Ordinary Shares	No.	No.
At the beginning of the reporting period:	6,393,819	6,299,177
Shares issued during the year	89,287	94,642
At the end of the reporting period	6,483,106	6,393,819

Ordinary shares participate in dividends and the proceeds on winding up of the group in proportion to the number of shares held. The 89,287 ordinary shares issued during the year had a paid up value of \$25,000

At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The ordinary shares issued have no par value.

Note 12: Cash Flow Information

	2021	2020
	\$	\$
a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit after income tax	9,379,501	454,407
Non-cash flows in profit:		
Proceeds on sale	(9,700,000)	-
Changes in assets and liabilities:		
(Increase) / decrease in trade and term receivables	(573)	(39,235)
(Increase) / decrease in other assets	849,987	-
Increase / (decrease) in trade payables and accruals	481,559	46,577
Increase / (decrease) in provisions	666,670	6,477
Net cash used in operating activities	1,677,145	468,225

Note 13: Contingent Liability

As at 31 December 2017, the Group implemented share-based payment schemes for directors', managers and employee remuneration.

The directors are not aware of any contingent liabilities at the date of these financial statements, with the exception of the matter included in note 1 (m) (iii)

Note 14: Related Party Transactions

- a) Transactions between related parties and the Directors and staff are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2021	2020
Sale of goods to director related entities of Mark Ethell	-	-
Sale of goods to director related entities of Lindsay Hay	-	-

- b) Alvaro Ramos received \$5,975 for the provision of the intellectual property and the supply of professional information underlying the Group's IVA Business Hub website during the year ended 30 June, 2021.
- c) The Directors in office during the financial year and to the date of these financial statements are set out in the Directors' report.
- d) A wholly owned controlled entity, Independent Vets of Australia (IVA) was registered in May 2016. A dividend of \$1,650,000 was paid.

Note 15: Events after the Reporting Period

No significant events have occurred after the reporting period.

With the exception of the information set out in note 1.

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

Note 16: Financials Risk Management**Financial Risk Management Policies**

The Director's overall risk management strategy seeks to assist the group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for group's operations. The group does not have any derivative instruments at 30 June 2021. (2020 - nil)

Senior executives of the group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Specific Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential no-performance by counterparties of contract obligations that could lead to a financial loss to the group.

Risk is minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Credit Risk Exposure

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

b. Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms;

- Preparing forward-looking cash flow analyses in relation to its operational, investing and financial activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates.

	Within 1 Year 2021	1 to 5 Years 2021	Total 2021
Financial liabilities due for payment			
Trade and other payables	795,202	-	795,202
Hire purchase liabilities	-	-	-
Total expected outflows	795,202	-	795,202

c. Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which primarily expose the group to interest rate risk are term deposits, and cash and cash equivalents.

Interest rate risk is managed using 1.5% sensitivity to market movements. At 30 June 2020 approximately 42% of the group cash is fixed rate. It is the group policy to keep between 20% and 50% of cash assets on fixed interest rates.

Sensitivity analysis

The table below illustrates sensitivities to the group's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the interest rates that management considers to be reasonably possible.

This sensitivity assumes that the movement in interest rates is independent of other variables.

Financial assets held	Amount \$	% of total financial assets	Sensitivity rate	Sensitivity \$
Cash	2,775,638	93%	1.5%	41,635
Trade and other receivables	194,354	7%	-	-
Term deposits	-	0%	1.5%	-
Total	2,969,992	100%		41,635

The financial assets held at 30 June, 2021 are considered sufficient to provide working capital for the group. Subsequent to the reporting period the company received \$6,850,000 from the sale of IVA. The final balance of \$2,850,000 is receivable on the 1st July, 2022.

DIRECTORS

Mark Ethell Lindsay Hay
Alvaro Emilio Ramos

GROUP SECRETARIES

Liz Ogden
Corey Vella

REGISTERED OFFICE

47 Epping Avenue,
Eastwood, NSW, 2766

PRINCIPAL PLACE OF BUSINESS

47 Epping Avenue,
Eastwood, NSW, 2766

AUDITORS

GCC BUSINESS & ASSURANCE PTY LTD
Suite 807, 109 Pitt Street
Sydney, NSW 2000

DIRECTORS' DECLARATION

The Directors of the group declare that:

1. The financial statements and notes, as set out on pages 5 to 13 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the group.
2. In the Directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Mark T Ethell (**Chairman**)



Dated this

24th

day of

September

2021

Lindsay Hay (**Director**)



Dated this

24th

day of

September

2021

**VETSHARE LIMITED AND CONTROLLED ENTITY
(A.B.N 25 153 799 092)
INDEPENDENT AUDITOR'S REPORT**

To the Members of Vetshare Limited and controlled entity

Opinion

We have audited the financial report of Vetshare Limited and controlled entity ("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, the consolidated statement of changes in equity and the 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 declaration by the directors.

In our opinion:

The accompanying financial report of the Group is in accordance with the Corporations Act, 2001 including:

- i. 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;
- ii. 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 confirm that the independence declaration required by the Corporations Act, 2001 which has been given to the directors of Vetshare Limited would be in the same terms if given to the directors as at the time of this auditor's report.

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

G. C. C. Business & Assurance Pty Ltd

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information included in the financial statements, being the Directors' Report (pages 2-4). 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 our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the Financial Report

The directors of the group 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 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 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:

G. C. C. Business & Assurance Pty Ltd

- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

GCC Business & Assurance Pty Ltd

Graeme Matthew Green

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GCC Business & Assurance Pty Ltd
Director: Graeme Matthew Green
Registered Audit Company
No. 307963

Signed in Sydney

Dated 24 September 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF VETSHARE LIMITED AND CONTROLLED ENTITY**

We declare that to the best of our knowledge and belief, during the year ended 30 June, 2021 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

GCC Business & Assurance Pty Ltd

GCC BUSINESS & ASSURANCE PTY LTD
(Authorised Audit Company)



Graeme Green
Director

Sydney, 1 September 2021