

ANNUAL REPORT

2016/17



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CHAIR'S REPORT

It is with much pleasure I present Australian Eggs' 2016-17 Annual Report.

The 2017 financial year has been a positive one for the egg industry with strong consumption growth and no major incidents impacting industry sustainability. The year has also been positive for a rebranded and rejuvenated Australian Eggs with some significant milestones reached and changes implemented.

The renewal of our Statutory Funding Agreement with the Australian Government has provided both funding certainty and greater clarity on the scope of our activities. This has assisted the Board in developing a new strategic plan that seeks to refocus Australian Eggs' activities by ensuring greater engagement with stakeholders, more effective marketing campaigns, more adoptable research outputs and value for money through operating efficiencies.

Australian Eggs has also implemented the recommendations of the independent performance review completed in the 2016 financial year. This has involved new processes for the Australian Eggs Board to increase the focus on strategic issues and a revised management structure to improve operating efficiency and accountability.

These changes have provided a clear path for Australian Eggs in delivering services to the egg industry and I am looking forward to seeing them brought to life through the current and successive operating plans. I am also very pleased that the ACCC proceedings have now been resolved in favour of Australian Eggs. With this long running issue behind us, we are now in a position to move forward with our ears pinned back.

Finally, I thank my fellow directors, and in particular our Managing Director, Rowan, and the small but dedicated team at Australian Eggs for their commitment throughout the 2017 financial year. I would also like to thank egg farmers, industry participants and government stakeholders for their engagement and ongoing support.



Danny Jones
Chair

The year has also been positive for a rejuvenated Australian Eggs with some significant milestones reached.



EGG INDUSTRY OVERVIEW

JUNE 2017

2

EGG PRODUCTION – AUSTRALIA

459.2m

DOZEN EGGS 2017 FY

(Source: NERA)

FLOCK SIZE – AS AT JUNE 2017

27,501,724

PULLETS & LAYERS

19,321,567

LAYERS

(Source: NERA)

GROSS VALUE OF EGG PRODUCTION (FARM GATE EQUIVALENT)

A\$739.4m

2017 FY

(Source: ABS, cat. no. 7503)

MAJOR SUPERMARKET GROCERY CHAINS EGG SALES VOLUME

218.4m dozen

2017 FY

(Source: AZTEC)

STATE FLOCK PERCENTAGES: AS AT JUNE 2016

31.55% NSW/ACT

8.17% WA

28.54% Queensland

3.16% SA/NT

27.02% Victoria

1.56% Tasmania

(Source: ABS, cat. no. 7121)

MAJOR SUPERMARKET GROCERY CHAINS EGG SALES VALUE

A\$929.973m

2017 FY

(Source: AZTEC)

EGG CONSUMPTION

231

EGGS PER CAPITA (MAT) 2017 FY

(Source: NERA)

CY = Calendar Year (Jan to Dec)
MAT = Moving Annual Total
FOB = Free On Board

m = million
FY = Fiscal Year (Jul to Jun)
p = preliminary

CIF = Cost Insurance Freight
mt = metric tonne
b = billion

A\$ = Australian dollars
g = grams
% = percent

MAJOR SUPERMARKET GROCERY CHAINS EGG SALES MARKET SHARE BY SEGMENT – 2016 CY
 (Source: AZTEC)

	VOLUME	VALUE
Cage eggs	48.92%	36.57%
Free Range eggs	41.32%	51.42%
Barn-Laid eggs	8.37%	8.93%
Specialty eggs	1.39%	3.08%

GROWTH BY SEGMENT IN DOZENS (000s) AND PERCENTAGE OVER 2017 (Source: AZTEC)

	000s	%
Cage eggs	4147.8	4.2
Free Range eggs	8128.1	10.2
Barn-Laid eggs	1197.4	6.9
Specialty eggs	228.5	8.2

MAJOR SUPERMARKET GROCERY CHAINS EGG SALES BRANDING MARKET SHARE: – 2017 FY
 (Source: AZTEC)

	VOLUME	VALUE
Private-label/generic labels	57%	47%
Proprietary labels	43%	53%

MAJOR SUPERMARKET GROCERY CHAINS EGG SALES PACK SIZE MARKET SHARE: – 2017 FY
 (Source: AZTEC)

	VOLUME	VALUE
6 (half dozen) pack	5%	8%
10 pack	2%	3%
12 (dozen) pack	84%	79%
15 pack	2%	2%
18 pack	5%	6%
30 (tray) pack	2%	2%

MAJOR SUPERMARKET GROCERY CHAINS EGG PACK WEIGHT MARKET SHARE: – 2017 FY
 (Source: AZTEC)

	VOLUME	VALUE
<= 350g	4.45%	7.18%
351g - 600g	19.36%	18.86%
601g - 700g	61.23%	56.43%
701g - 800g	6.35%	8.62%
>= 801g	8.62%	9.12%

EGG PRODUCT EXPORTS: (FOB EQUIVALENT) – 2017 FY (Source: ABS)

	VOLUME	VALUE
Shell eggs	341mt	A\$1.223m
Egg pulp/liquid	282mt	A\$0.971m
Egg powder	116mt	A\$0.154m

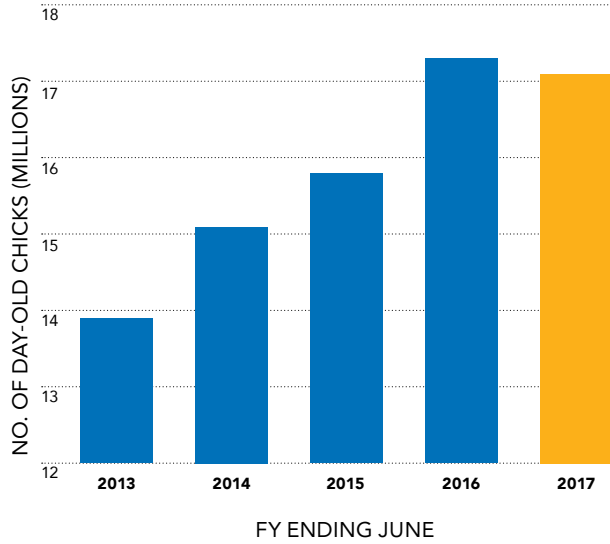
EXPORTS OF FRESH SHELL EGGS SHARE BY COUNTRY OF DESTINATION – 2017 FY

	VALUE (FOB)
Republic of Korea	\$179,560
Vanuatu	\$81,562
Hong Kong (SAR of China)	\$39,454
New Caledonia	\$38,446
Singapore	\$6,999
Christmas Island	\$6,850
United Arab Emirates	\$410

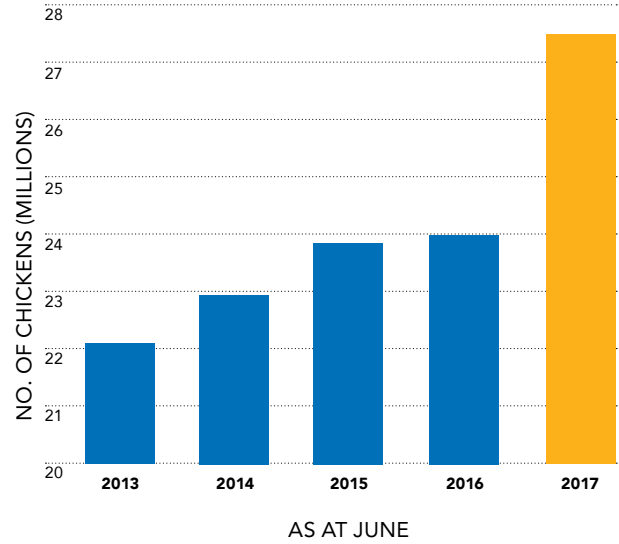
EGG PRODUCT IMPORTS: (CIF EQUIVALENT) – 2017 FY (Source: ABS)

	VOLUME	VALUE
Eggs preserved/cooked	363mt	A\$1.453m
Egg pulp/liquid	497mt	A\$2.385m
Egg powder	1,669mt	A\$9.970m

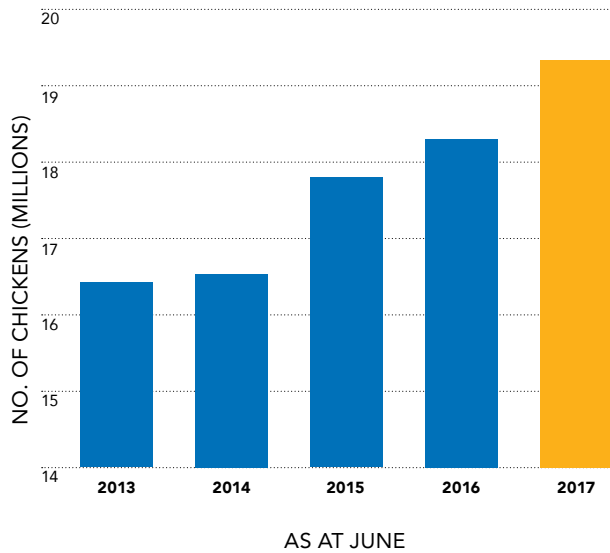
LAYING CHICKS HATCHED



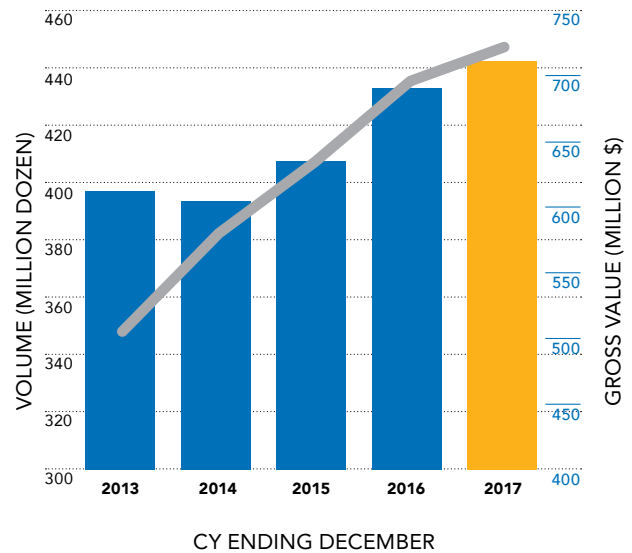
CHICKENS – PULLETS & LAYERS



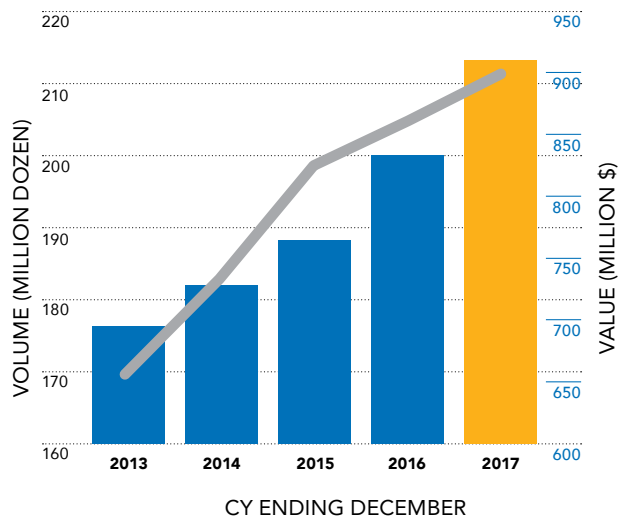
CHICKENS IN EGG PRODUCTION – LAYERS



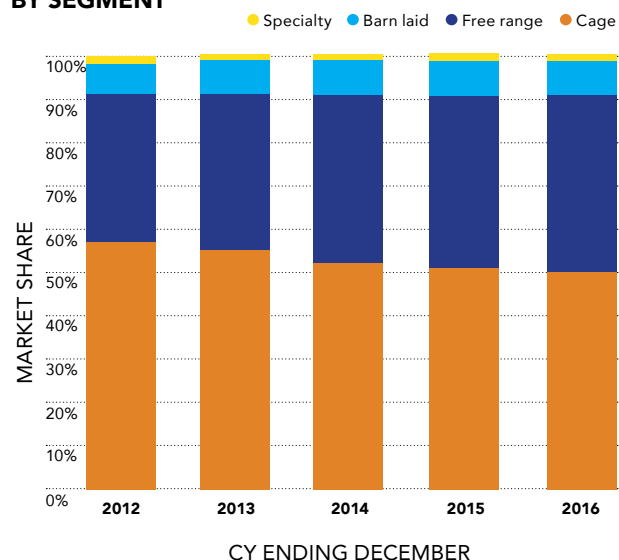
EGG PRODUCTION & MARKET VALUE



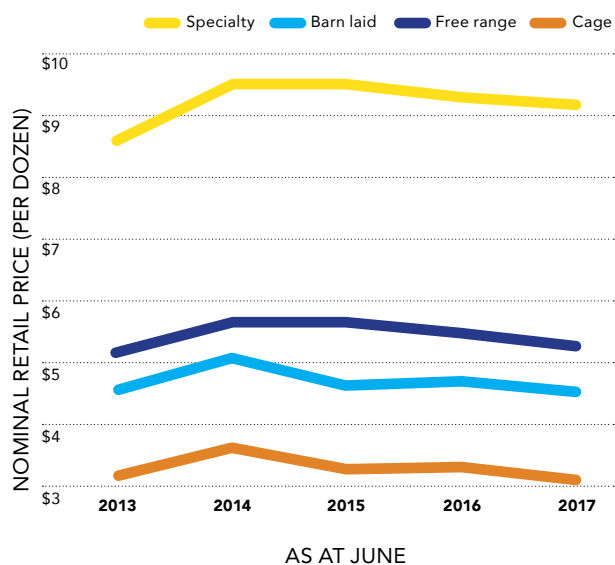
GROCERY SALE OF EGGS – VOLUME & VALUE



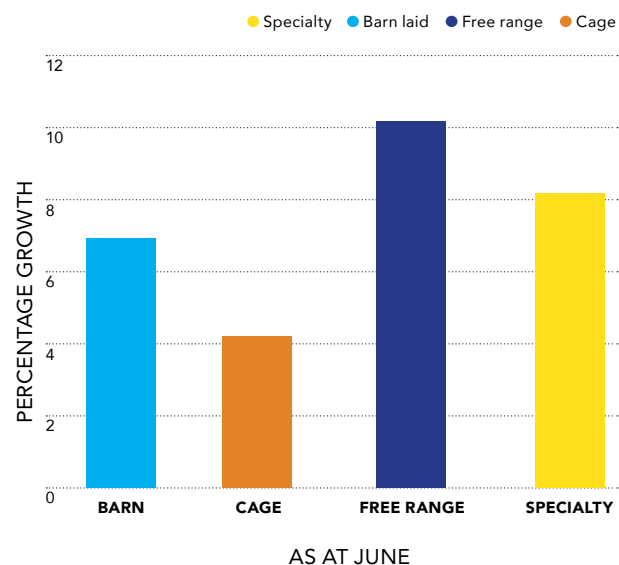
GROCERY VOLUME MARKET SHARE OF EGGS – BY SEGMENT



NOMINAL RETAIL PRICE OF EGGS – BY SEGMENT



VOLUME GROWTH OVER 2017 FY – BY SEGMENT



VISION AND STRATEGY

VISION

Proactively support egg farmers to increase egg consumption and ensure industry sustainability

GOALS

VALUE FOR MONEY

INCREASED CONSUMPTION

SUSTAINABLE PRODUCTION

EFFECTIVE ENGAGEMENT



KEY FOCUS AREAS

EFFICIENT,
WELL
RESOURCED
TEAM

MATCHING
MARKET
CYCLES

FLOCK
HEALTH
AND
BIOSECURITY

FARMER
CONSULTATION

STAKEHOLDER
FOCUS

NEXT
GENERATION

FOOD
SAFETY

PROACTIVE
EXTENSION

CLEAR WORK
PROGRAM

NUTRITION

HEN
WELFARE

MARKET
DEVELOPMENT

EATING
EGGS

RESEARCH
COLLABORATION

IRB
CONSULTATION



BOARD OF DIRECTORS

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Danny Jones
Chair

Danny Jones has 25 years of egg industry experience having acted as Business Manager and then Managing Director of Pure Foods Eggs Pty Ltd, Tasmania's largest egg producer.

Danny has extensive board experience in non-executive director and managing director roles. He holds an Advanced Diploma in Business, is a graduate of the Australian Institute of Company Directors and a Fellow of the Institute of Public Accountants.

Danny has been actively involved in the wider aspects of the Australian egg industry. In 2014, he was awarded the Kondinin & ABC Rural Egg Farmer of the Year award.



Bede Burke
Director

Bede Burke was elected to the Board on 24 November 2016.

He has run a successful grain and livestock farming business, including laying hens and pullet rearing as well as ewes and breeding cattle, with his wife, Narelle, for 35 years. The farm not only produces most of its own feed requirements with an on-farm feed mill, but has an extensive on-farm compost as part of the fertiliser program for grain production. In 2009, the farm was awarded the Brownhill Cup for Sustainable Farming.

Bede has always been involved in a number of industry and community projects. Currently he is Chairman of the NSW National Party, Chairman of the NSW Farmers Egg Committee and Chairman of Tamworth Rural, an unlisted public rural merchandising company. He is a Deputy Captain of the Tamworth branch of the NSW Rural Fire Services.

Bede has been an active promoter of the industry representative body, Egg Farmers of Australia.



Charmaine England
Marketing Specialist Director

Charmaine England is a non-executive specialist director (marketing), who was appointed to the Australian Eggs Board on 3 November 2016.

Charmaine is a food marketing expert, having worked at leading food companies in Australia such as Unilever and The Daily Drinks Co, and was until recently the Chair of the Australian Fruit Juice Association. Charmaine is now at the PACT group, an ASX listed business.

Charmaine has many years of marketing, board and senior management experience in consumer products in Asia, New Zealand, UK and Australia. She is a specialist in developing and delivering business turnaround.

Charmaine is currently Executive General Manager at the PACT group, named one of Australia's most innovative companies by the Financial Review, for the last four years running. Charmaine looks after a number of manufacturing facilities across NSW and Victoria, producing key household, personal care and nutraceutical products for a diverse range of customers from Aldi, Woolworths and Swisse.





Frank Pace AM Director

Frank Pace is a non-executive elected director of Australian Eggs and is the founder and Managing Director of Pace Farm Pty Ltd – the largest producer, marketer and distributor of eggs in Australia.

Frank is the Chairman of the International Egg Commission (IEC) and was awarded the Denis Wellstead Memorial Trophy for International Egg Person of 2004.

Frank Pace was previously the chairman of the Seven Hills branch of the Livestock and Grain Producers Association (LPGA) and a member of the NSW Farmers' Association Egg Committee. He was also a previous committee of management member and Vice President of the former Australian Egg Industry Association (AEIA).

Frank has also made an active contribution to the Sydney community and was honored by being named a life member and Paul Harris Fellow of the Rotary Club of Mount Druitt.

Most recently, Frank was appointed a Member of the Order of Australia (AM) for his contribution to the egg industry, both in Australia and internationally.



Catherine Cooper Corporate Governance Specialist Director

Catherine has a background in commercial law and business and is an experienced non-executive director and chair. She has extensive experience at management and board level in diverse industries with expertise spanning agribusiness, animal health, biosecurity, food security, finance and audit, together with water, energy, waste management, health and education, research and development, with significant exposure to both domestic production and export markets.

Catherine is a pragmatic director with a strong focus on integrity, transparency and credibility.

Catherine's executive management experience includes Fosters Brewing Group, Elders Limited, Futuris Corporation, and positions as chair of SA Fisheries Council and SA Dairy Regulator. She is currently Commissioner – Australian Fisheries Management Authority, chair of Fleurieu Waste Management Authority, and a director of Beston Global Food Company.

Catherine has twice been a finalist in the Telstra Business Women's Awards, and was awarded a position in the AICD ASX 200 Chairs mentoring Program 2015.



Rowan McMonnies Managing Director

Rowan has a legal and compliance background and has been a key adviser to the agriculture sector and the egg industry in recent years. Prior to commencing with Australian Eggs, Rowan was a commercial disputes partner at global law firm, Baker & McKenzie, and held senior positions at the Australian Competition and Consumer Commission.

Through a focus on the agriculture sector in legal practice, Rowan has advised peak state and national farming associations and key stakeholders in the egg, chicken meat, cattle, dairy, bulk grain and agricultural chemical industries. Rowan's involvement in the egg industry includes assisting the industry in its response to the free range egg labelling standard consultation process and working with egg industry representative bodies on the formalisation of Egg Farmers of Australia. Through this work, Rowan has been recognised for his strategic capability and his ability to effectively engage with key industry stakeholders.

Rowan holds a Bachelor of Laws from the University of Technology, Sydney, a Masters of Commerce from the University of Sydney and is a graduate of the Australian Institute of Company Directors.

Rowan commenced with Australian Eggs on 31 October 2016.

MANAGING DIRECTOR'S REPORT

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The 2017 financial year was a year of significant change for the egg industry and Australian Eggs.

From the industry perspective, increased egg consumption growth coupled with the increased growth in the free range egg category created an environment of accelerating change as egg farmers grappled with the challenges of meeting overall demand for eggs while expanding into more complex free range production.

The year also involved key regulatory processes in the form of the development of the free range information standard under the Australian Consumer Law and the preparatory steps for the review of the animal welfare standards and guidelines for poultry. In response to a need for active engagement in these processes, the industry, with the support of Australian Eggs, took steps to formalise Egg Farmers of Australia as a national agri-political organisation which commenced operation in November 2016.

Within Australian Eggs, the pace of change was also significant. The resignations of the inaugural Chair, Jeff Ironside, and Managing Director, James Kellaway, led to a rejuvenation of the Australian Eggs Board with four new directors being elected and ratified at the 2016 AGM and Danny Jones being elected as Chair.

STRATEGIC PLAN

The new Board immediately undertook the finalisation of the 2017-2021 Strategic Plan which was released in February 2017. This followed a detailed consultation process from late 2015 in which stakeholder feedback was obtained on areas of priority and future direction. The result was a simplification and refocusing of Australian Eggs activities on four clear goals: value for money; increased consumption; sustainable production; and effective engagement.

Within these goals, important areas of emphasis identified were ensuring our marketing activities were matched to seasonal and other market developments, investing in extension activities both before and after research is conducted, bringing greater structure to our stakeholder engagement activities and providing greater transparency over our corporate activities. The Strategic Plan was taken into account in executing on our activities in the 2017 financial year as well as driving the development of the 2017-2018 Annual Operating Plan.

REBRANDING

A significant step in setting a new direction for Australian Eggs was the decision to rename and rebrand the company. This was achieved through a resolution of members at an extraordinary general meeting at the May forum. The rebranding to Australian Eggs is intended to provide a modern and positive image which better reflects the company and the egg industry. It is also anticipated that a more consumer focused branding will create opportunities to more productively engage with consumers on aspects of the egg industry, including as part of our marketing activities.



ENGAGEMENT

In preparation of the 2017-18 Annual Operating Plan, Australian Eggs attended and presented at industry representative body meetings to report on activities to date and outline how the new strategic plan would be brought to life through refinement of the marketing and research, development and extension activities.

This consultation revealed broad support for Australian Eggs' strategic direction as well as a range of views on emerging industry issues. Australian Eggs has also sought to maintain closer contact with stakeholders by requesting feedback as part of regular industry updates and operating informal consultation groups on specific issues including anti-microbial stewardship, industry statistics and export activities. Internally, strong emphasis has been placed on the need to collaborate between program areas so the benefit of stakeholder feedback can be transferred across the organisation.

In addition, Australian Eggs has played an active role in collaboration forums facilitated by the Council for Rural Research and Development Corporations (RDCs) and has continued to engage with the Department of Agriculture and Water Resources both within and beyond our obligations under the Statutory Funding Agreement.

CONSUMPTION

The 2017 financial year was characterised by continued strong growth in egg sales and consumption, which is a key performance indicator for Australian eggs. From June 2016 to June 2017, egg consumption increased from 226 to 231 eggs per capita. This is despite the application of updated assumptions in our statistical analysis which, although more accurately reflecting the current state of the industry, had the effect of reducing our egg consumption figures.

This was assisted by two major marketing campaigns in Spring 2016 and Autumn 2017 which were based on the successful 'Unbeatable for Breakfast' television commercial. In addition, breakthrough research conducted by the CSIRO on the nutritional benefits of eggs was used as the basis of promotional activity for World Egg Day to point out to consumers that eating eggs is 'OK every day'. This campaign material was subsequently worked into the 'OK every day' television commercial used to extend the Autumn 2017 campaign.

.....
 From June 2016 to June 2017,
 egg consumption increased from
 226 to 231 eggs per capita.



RESEARCH & DEVELOPMENT

Australian Eggs continued to pursue industry applicable know-how that could support industry improvements across the key aspects of production, food safety, flock health/biosecurity, animal welfare and nutrition.

Notable projects included research to better understand pathogens that cause fowl cholera to facilitate more targeted use of vaccines and biosecurity programs and hen welfare research to test the use of outdoor ranges in free range systems.

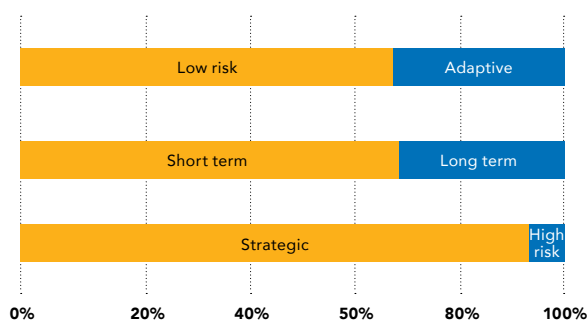
In terms of key performance indicators, Benefit Cost Analysis was conducted on completed projects which resulted in an average benefit cost ratio of 3.95 (lower bound) to 5.3 (upper bound). This was above the Australian Eggs long term average of 3.6.

BALANCED PORTFOLIO

Australian Eggs continued to pursue a research portfolio that balanced the need for each of strategic and adaptive, short and long term and low and high risk projects. The research program reflected the capacity of strategic, high risk and longer term projects to deliver significant advancements in egg farming by continuing to pursue a selection of these projects.

In response to egg farmer preferences to deliver more adaptive, lower risk and timely research outputs, the majority of the research program had this focus. A key aspect of this approach was process improvements designed to ensure greater egg farmer involvement in identifying priority research areas that will lead to adoptable outputs.

BALANCED PORTFOLIO



R&D PRIORITIES

The Australian Eggs research program also reflected the Federal Government Science and Research Priorities and the Rural RD&E priorities which were updated on 1 July 2016 to comprise: adoption, biosecurity, soil, water and natural resource management and advanced technology.

Given the applicability to the egg industry, the majority of the research program reflected the adoption and biosecurity Rural RD&E priorities and the food and soil and water Science and Research priorities.

Science and Research Priorities

- Food
- Soil and Water
- Energy
- Environmental Change

Rural RD&E Priorities

- Advanced technology
- Biosecurity
- Soil, water and managing natural resources
- Adoption of R&D

Australian Eggs Strategic Plan 2017–2021

- Value for Money
- Increase Consumption
- Sustainable Production
- Effective Engagement

EXTENSION

The increased focus on extension was brought to life through a series of egg farmer workshops designed to directly deliver the outputs of Australian Eggs recent sustainability program activities. These included seven workshops in four states, which included Australian Eggs and external speakers across a range of egg farming topics. The workshops were well attended by egg farmers with a total of 267 attendees indicating support for this form of extension activities.

The 2017 financial year also saw the completion of a major project for Australian Eggs in the release of Egg Standards of Australia, a revised quality assurance program for rearing and laying farms. This update to the Egg Corp Assured is an important initiative and came after extensive consultation with egg farmers and customers over several years. As a more prescriptive quality assurance program, ESA is intended to ensure consistent outcomes across the industry and drive customer and consumer confidence in the standard of egg production in Australia, thereby enhancing industry sustainability.

While ESA was released in April 2017, the work of assisting the industry to understand and implement the standard is ongoing and will be followed by a review of its initial phase of operation in 2018.



IP, COMMERCIALISATION, SUBSIDIARIES AND JOINT VENTURES

Intellectual property creations and protections for the 2017 financial year included the application for the Trademark Australian Eggs and the acquisition of domain names containing Australian Eggs.

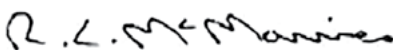
Australian Eggs has continued its focus on the development of industry applicable know-how and did not pursue commercialisation of intellectual property in the 2016-17 year. No subsidiaries or joint ventures were formed.

AUSTRALIAN EGGS TEAM

Finally, the 2017 financial year was a year of transition and growth for the Australian Eggs team. As a small team of 10 with very broad activities, it is a challenge to execute on projects in the context of the ever-changing needs of the industry.

The team showed a high level of commitment across the year and I am very grateful for their contributions. This was assisted by some new team members bringing a lot of energy and positivity to the task.

I am also personally grateful for the opportunity to lead Australian Eggs across the 2017 financial year. It has been a challenging and rewarding experience and I look forward to using the achievements to date as a foothold for further improvements in coming years.



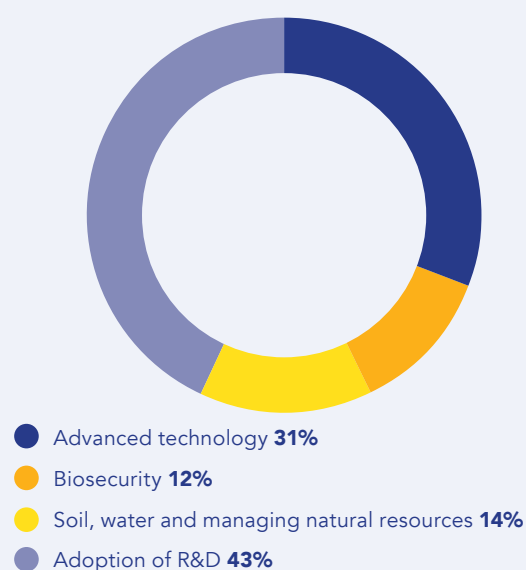
Rowan McMonnies
Managing Director



RURAL RD&E PRIORITIES

RURAL R&D PRIORITY	RURAL RD&E FOCUS	
	Projects	Investments
1. Advanced technology To enhance innovation of products, processes and practices across the food and fibre supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture.	16	\$1,644,910
2. Biosecurity To improve understanding and evidence of pest and disease pathways to help direct biosecurity resources to their best uses, minimising biosecurity threats and improving market access for primary producers.	4	\$643,090
3. Soil, water & managing natural resources To manage soil health, improve water use efficiency and certainty of supply, sustainably develop new production areas and improve resilience to climate events and impacts.	5	\$720,768
4. Adoption of R&D Focusing on flexible delivery of extension services that meet primary producers' needs and recognising the growing role of private service delivery.	41	\$2,255,953

AUSTRALIAN GOVERNMENT R&D PRIORITIES
– AUSTRALIAN EGGS EXPENDITURE 2016/17



NATIONAL SCIENCE AND RESEARCH PRIORITIES

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PRIORITY

Projects Investments

1. Food

44

\$2,582,101

Develop internationally competitive, sustainable, profitable, high intensity and high production capacity in new and existing food products and maintain Australian's reputation for clean, safe and quality controlled food production.

2. Soil and water

4

\$172,930

Focusing on Australia's critical soil and water assets, build capacity for improved accuracy and precision in predicting change to inform better decision making.

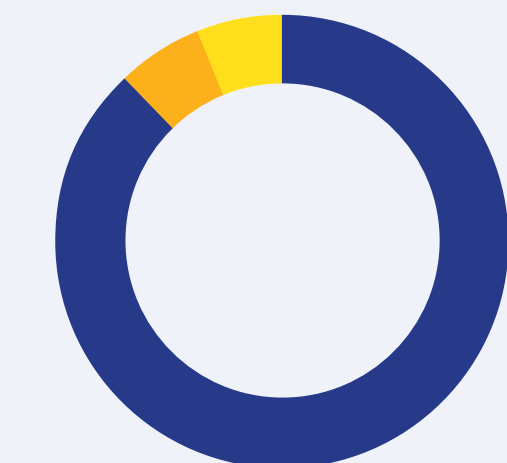
3. Environmental change

6

\$184,526

Build Australia's capacity to respond to environmental change and integrate research outcomes from biological, physical, social and economic systems.

SCIENCE & RESEARCH PRIORITIES –
AUSTRALIAN EGGS EXPENDITURE 2016/17



- Food 88%
- Soil & Water 6%
- Environmental Change 6%



CORPORATE GOVERNANCE & COMPLIANCE

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Australian Eggs Limited is committed to conducting its business in a way that is open and accountable to all stakeholders.

Corporate governance is the system of management, oversight and controls exercised in the stewardship of Australian Eggs. Australian Eggs is a public company limited by guarantee and is not listed on the Australian Stock Exchange (ASX) but has developed its framework for corporate governance in line with the Corporate Governance Principles and

Recommendations as developed by the ASX Corporate Governance Council. Australian Eggs believes its corporate governance practices are rigorous and of a high standard, and, as a result, is willing to report against the recognised principles of corporate governance on an annual basis.

PRINCIPLE 1

Lay solid foundations for management and oversight

The Australian Eggs Board is responsible for ensuring the management of Australian Eggs is conducted in a manner that ensures the long term benefit of levy paying egg producers and more broadly all stakeholders, consistent with the Australian Eggs Constitution, the Statutory Funding Agreement (SFA) with the Australian Government and the Egg Industry Service Provision Act 2002. The Board strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of Australian Eggs agreed strategies in line with the Australian Eggs industry-agreed Strategic Plan.

The Australian Eggs Board meets at least eight times a year to perform its duties and requires a quorum of a majority of directors eligible to vote. Each director has one vote. To meet operational needs, the Board may convene by using electronic methods.

The Board delegates responsibility for the implementing of the strategic direction and for managing the day-to-day operations of the Company to the Managing Director.

The Australian Eggs Board's functions include:

- Providing leadership and setting the strategic objectives of Australian Eggs;
- Approving operating budgets and major capital expenditure;
- Overseeing management's implementation of Australian Eggs' strategic objectives and its performance generally;
- Ensuring Australian Eggs acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- Ensuring that Australian Eggs has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- Ensuring Australian Eggs operates within the requirements of Australian Eggs Constitution, the Corporations Act 2001, the SFA with the Australian Government and the Egg Industry Service Provision Act 2002;
- Appointing or removing the Managing Director/ Chief Executive Officer;
- Approving Australian Eggs' remuneration framework;
- Monitoring the effectiveness of Australian Eggs' governance practices; and
- Appointing the Chair and Deputy Chair.

PRINCIPLE 2

Structure the Board to add value

As per the Australian Eggs Constitution, the Australian Eggs Board comprises up to four 'elected' directors, and up to three 'specialist' directors, one of whom is the Managing Director.

'Specialist' directors are sought by a selection committee and appointed by the Australian Eggs Board then ratified by members at the first available General Meeting of the Company. Appointments are made to ensure a balance of skills and expertise in accordance with the criteria set out in the Australian Eggs Constitution and Statutory Funding Agreement between the Australian Government and Australian Eggs.

The Board includes at least one director who can demonstrate they are highly skilled in corporate governance. The Board includes at least one director who can demonstrate they are highly skilled in marketing.

Relevant interests of all directors are reviewed on an annual basis, as well as notified as and when they arise in relation to any issues.

After consultation with the Chair, directors may obtain independent professional advice on matters arising in the course of their board duties. Such advice would be made available to all directors.

Australian Eggs is assisted in carrying out its responsibilities by the Australian Eggs Audit & Risk Committee.

When a Board vacancy arises the Australian Eggs Board compels the Australian Eggs Nominations Committee will meet.

PRINCIPLE 3

Act ethically and responsibly

Australian Eggs wishes to conduct all its business ethically and responsibly. Equally important is the encouragement of ethical conduct by example from all involved in Australian Eggs. It is the Board's objective that all its dealings with staff, stakeholders, regulatory authorities and the community should be conducted with integrity, fairness and diligence.

The Australian Eggs Board has put in place appropriate systems and controls to ensure Australian Eggs acts within the law at all times, avoids conflict of interest and acts honestly and ethically in all business activities. Australian Eggs has developed key corporate controls, including risk management, fraud control and intellectual property management.

All Australian Eggs staff and directors are bound by the Australian Eggs Code of Conduct Policy.

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Acting ethically and responsibly goes beyond mere compliance with legal obligations. As a good "corporate citizen" Australian Eggs strives to:

- Respect the human rights of employees;
 - Creates a safe non-discriminatory workplace; and
 - Deal honesty and fairly with suppliers and stakeholders.
-



PRINCIPLE 4

Safeguard integrity in corporate reporting

The Audit & Risk Committee meets four times each year. The Managing Director and Finance & Corporate Services Manager/Company Secretary attend all committee meetings at the invitation of the Committee. The Audit & Risk Committee is chaired by a specialist director. The Committee also meets privately with the external auditor without Australian Eggs management present.

The minutes of all committee meetings are reviewed at the subsequent meeting of the Board and the resolutions of the Committee are reviewed and considered by the Board for endorsement.

The role and responsibilities of the Audit & Risk Committee include:

- Financial Statements – review Australian Eggs' financial statements, effectiveness and compliance with accounting policies and standards, adequacy of disclosures and reconciliation of all bank accounts.
- Investments – review matters relating to the investment of assets in line with Australian Eggs policy. The Committee obtains advice from external investment advisors when necessary.
- Appointment of External Auditor – review the scope and adequacy of the external auditor annually and can recommend to the Board any changes to the appointment it deems appropriate. The external auditor may attend member meetings and may be available to answer questions from members about the conduct of the audit and the preparation and content of the audit report and Australian Eggs' accounts.
- Audit – review the auditors' performance, the professional independence of the auditors, audit policies, procedures and reports, as a direct link between the Board and Australian Eggs auditors.
- Risk – See Principle 7

PRINCIPLE 5

Make timely and balanced disclosure

Australian Eggs is not a publicly listed company and is not subject to ASX Listing Rule disclosure requirements. It does however, report to its members and the Australian Securities and Investments Commission (ASIC) in the form required by the Corporations Act 2001. Australian Eggs undertakes regular disclosure of current business matters to its stakeholders by way of its monthly e-newsletter EggsPress, publication of the quarterly magazine *Eggstra! Eggstra!* and the Australian Eggs Report, and at least annually holds Australian Eggs industry forums rotating through all state jurisdictions.

Under the Statutory Funding Agreement (SFA) with the Australian Government, Australian Eggs is required to present a financial report to the Department of Agriculture every six months. In addition, the Chair and Managing Director meet bi-annually with the Minister, or his nominated delegate, to report on Australian Eggs performance against the SFA. Any significant matters are to be reported to the Department.



PRINCIPLE 6

Respect the rights of shareholders

Australian Eggs does not have shareholders, it has members as defined in Section 231 of the Corporations Act 2001.

A person is eligible to be a member of Australian Eggs if they are an Australian egg producer and a levy payer and the owner of laying hens over the age of 18 weeks, owned at the end of the previous financial year, for the purposes of the production of eggs for human consumption. Members have the number of votes determined by the number of laying hens over the age of 18 weeks and may vote at any General Meeting on any motion, including the election of directors, the ratification of 'specialist' director appointments and the total remuneration payable to the directors of the Company.

Australian Eggs communicates regularly with its members and all known egg producers using monthly newsletters, a quarterly industry magazine, the Annual Report including the statutory financial statements, and provides member access to the Australian Eggs website. Australian Eggs seeks stakeholder input to inform its strategic planning process and its corporate performance review.

The Board encourages full participation of members and other stakeholders at the AGM to ensure a high level of accountability and understanding of Australian Eggs strategy, goals and achievements. In the event that a member is unable to attend the AGM they are encouraged to appoint proxies to express their views by completing and lodging an approved Proxy Form.

PRINCIPLE 7

Recognise and manage risk

The Australian Eggs Audit & Risk Committee reviews all internal controls and policies, the practice of good governance, management procedures employed and the systems of risk management employed by the Company.

.....

Australian Eggs adopts best business practice, including adherence with relevant Australian Standards and leading organisational management models. Key aspects include:

- Adherence to all relevant Australian Accounting Standards;
 - Development and adoption of a strategic plan covering a period of 3-5 years;
 - Development of a framework to identify and manage risk via the implementation of a risk management plan in accordance with Australian Standards;
 - Development and implementation of a fraud control plan;
 - Development and implementation of an intellectual property management plan;
 - Development and compliance with annual operating plans;
 - Measurement of organisational performance against specified strategic actions/outcomes and annual key performance measures;
 - Adoption of best practice in human resource and diversity management;
 - Adoption of best practice in managing compliance with legislative and regulatory requirements; and
 - Development of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Workplace Health and Safety (WHS) and privacy.
-

PRINCIPLE 8

Remunerate fairly and responsibly

Australian Eggs conducts annual performance appraisals and goal setting for all staff which assists in determining remuneration levels.

Total remuneration for non-executive directors has been set in Australian Eggs Constitution at a maximum of \$150,000 per annum. Aggregate Board remuneration can only be increased with the consent of Australian Eggs members. Australian Eggs' Constitution also provides for non-executive directors to be paid additional remuneration where they perform services outside the scope of the ordinary duties of an Australian Eggs director.

Total remuneration for the Managing Director comprises of short term benefits (cash salary and an at-risk bonus) and post-employment benefits (statutory superannuation entitlement).

The Board reviews the performance of the Managing Director on an annual basis in line with outcomes delivered and of the achievements reached across the Company.



BUSINESS PLANNING CALENDAR

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board/Management planning												
Board meetings		✓		✓	✓	✓		✓		✓	✓	✓
Additional Board meeting (Only if required)	✓		✓				✓		✓			
Audit & Risk Committee meetings		✓			✓	✓		✓				
Review & Renew – Annual planning workshop	✓											
Board strategy workshop										✓		
Approve AOP						✓						
Approve budgets					✓							
Approve MD performance KPIs										✓		
Assess MD performance											✓	
Review succession planning										✓		
Review board reporting requirements										✓		
Review terms of reference Audit & Risk Committee				✓								
Review Board Charter								✓				
Board performance review										✓		

COLLABORATION

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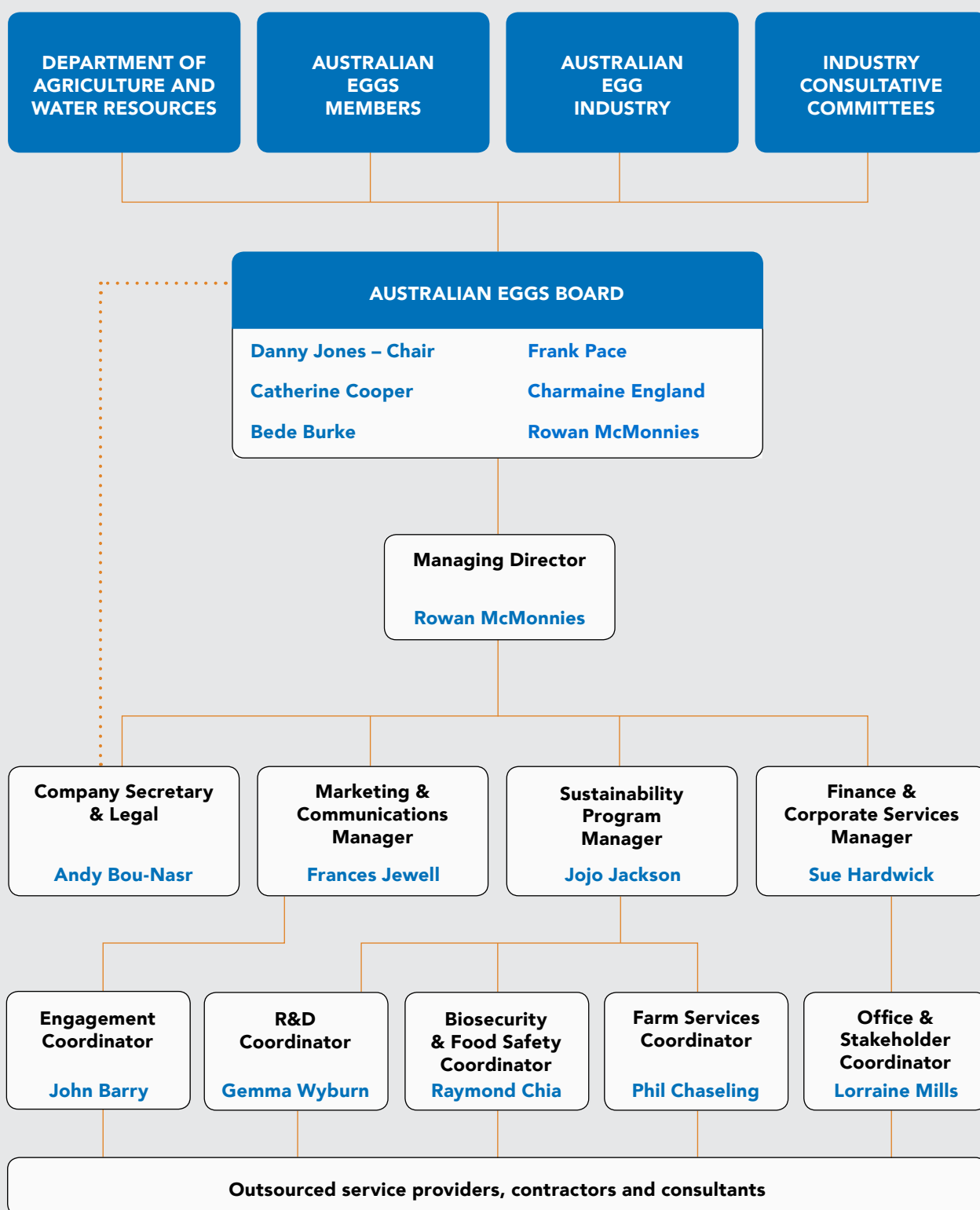
Several Australian Eggs' projects are undertaken in collaboration with industry, other research providers and other RDCs.

Collaboration is undertaken in order to fund research and development to address the Australian Government's Rural RD&E Priorities and to deliver research projects or promotions services in a more efficient and effective way.

The Australian Eggs percentage contribution tabled is the cash contribution and does not include allocation of in-kind contributions. Collaborative projects for the 2016-17 year are table below:

CODE	PROJECT NAME	EXPENDITURE 2016/17	PARTNERS	AUSTRALIAN EGGS
1AWRDE	National animal welfare DR&E strategy	\$35,000	RIRDC, MLA, AWI, AMPC, APL, DA, Livecorp	20%
1GR091	Feedgrain partnership	\$8,000	APL, DA, GRDC, MLA, RIRDC, Pork CRC, SFMCA	10%
1PCRC	Poultry Cooperative Research Centre (CRC)	\$352,000	RIRDC, UNE, UM, CSIRO, Bioproteries, 21 non-essential participants	17%
1PRDE	National poultry RD&E strategy	\$60,000	RIRDC, UNE	20%
1RI101	Horizon scholarship: primary industries undergraduate scholarship program	\$31,000	APL, CRDC, GRDC, GWRDC, RIRDC, HIAL, MAL, DAFF, Woolworths, ANZ Bank	15%
1UA141	Salmonella control strategies and industry extension		UA	65%
1UA151	Salmonella epidemiology and intervention strategies	\$118,738	NSW Food Authority	75%
1UN151	Nutritional management of free-range laying hens	\$183,248	Poultry CRC	40%
1UQ161	Rapid whole genome sequencing and bio-informatic analysis of Pasturella Multicida	\$53,000	RIRDC	30%
1US161	Implementation of a net energy (NE) system for laying chickens	\$84,264	Alltech	65%
IUQ151	Development of a point of management analytical system to manage Salmonella in the food chain	\$75,406	Quick test DAFQ UQ	55%

ORGANISATIONAL STRUCTURE



AUSTRALIAN EGGS' INDUSTRY CONSULTATIVE COMMITTEES AND EXPERT GROUPS AS AT 30 JUNE 2017

MEMBERSHIP

Consultative Committees

PR & Promotions

Ms Julie Proctor	Sunny Queen
Mr Grant Dearden	Pace Farms
Tim Russell-Jarvie	Pure Foods
George Holland	Holland Farms
Robert Pepper	Canobolas Eggs

On-farm Innovation and Efficiency

Mr Phil Szepe	Kinross Farms
Mr Peter Bell	AAA Egg Farms
Mr Ken Bruerton	Protea Park Enterprises
Mr David May	DA Hall & Co Pty Ltd
Mr Geof Runge	Industry Specialist - Skills & Knowledge Development
Dr Greg Parkinson	Independent Consultant
Dr Peter Scott	Scolexia Pty Ltd
Mr Greg Mills	Go Ahead Business Solutions

Skills & Knowledge

Mr Brendan Bell	AAA Egg Farms
Ms Narelle Burke	Glenwarrie Partnership
Mr David May	D A Hall & Co Pty Ltd
Mr Paul de Ravel	Kinross Farms
Mr Salvatore Papisidero	Skills Impact
Ms Robyn Richards	4 Up Skilling (RTO)
Mr Geof Runge	Industry Specialist- Skills and Knowledge Development
Mr Ross Brown	CHM Alliance (RTO)

Expert Groups

Animal Health (Technical Working Group)

Dr Peter Scott	University of Melbourne / Scolexia Pty Ltd
Dr Peter Groves	University of Sydney / Zootechny Pty Ltd
Dr Clive Jackson	Biological Technology Transfer Pty Ltd

Egg Nutrition Council (ENC)

Ms Sharon Natoli	Food & Nutrition Australia
Prof Karam Kostner	University of Brisbane
Dr Tania Markovic	Royal Prince Alfred Hospital, Sydney
Dr Cameron Grant	Ass. Professor, Paediatrics, University of Auckland

Egg Labelling Integrity Panel

Sharon Natoli	Food Nutrition Australia
John Furbank	Retail Compliance
Andros Chrysiliou	Chrysiliou IP
Geoffrey Annison	Australian Food & Grocery Council

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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Australian Eggs Limited

(formerly Australian Egg Corporation Limited)

ABN 66 102 859 585

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2017.

DIRECTORS

The names of the directors of Australian Eggs Limited in office during the financial year and until the date of this report were:

Jeff Ironside (retired November 2016)

Jim Eve (resigned 2 November 2016)

Frank Pace

Danny Jones

Catherine Cooper

James Kellaway (resigned 31 August 2016)

Rowan McMonnies (appointed 31 October 2016)

Charmaine England (appointed 3 November 2016)

Bede Burke (elected November 2016)

MEETINGS OF DIRECTORS

During the year to 30 June 2017 there were nine meetings of directors.

In February 2016 the Australian Eggs Board resolved to merge the Finance & Audit Committee and the Risk & Governance Committee to form a single Audit & Risk Committee.

During the year to 30 June 2017 the Audit & Risk Committee met four times.

CORPORATE INFORMATION

Australian Eggs Limited is a company limited by guarantee that is incorporated and domiciled in Australia.

Australian Eggs Limited employed 7 employees at 30 June 2017 (2016:9).

The number of meetings attended by each director was:

	Board Meetings		Finance & Audit Committee Meetings		Governance & Risk Committee Meetings	
	2016 - 2017	2015 - 2016	2016 - 2017	2015 - 2016	2016 - 2017	2015 - 2016
Jeff Ironside	4	11	0	2	0	1
Jim Eve	3	10	0	2	0	1
Frank Pace	8	10	0	2	0	1
Danny Jones	9	11	0	2	0	1
Catherine Cooper	8	4	0	1	0	0
Russell Ware	0	5	0	1	0	1
James Kellaway	2	11	0	2	0	1
Rowan McMonnies	6	0	0	0	0	0
Charmaine England	6	0	0	0	0	0
Bede Burke	5	0	0	0	0	0

	Audit & Risk Committee Meetings	
	2016 - 2017	2015 - 2016
Jeff Ironside	1	2
Jim Eve	1	1
Frank Pace	3	2
Danny Jones	4	2
Catherine Cooper	3	1
James Kellaway	1	2
Rowan McMonnies	3	0
Charmaine England	3	0
Bede Burke	3	0

DIRECTORS' REPORT (CONTINUED)

RESULTS AND PERFORMANCE INDICATORS

PRINCIPAL ACTIVITIES

The principal activities during the year were the provision of marketing and research and development and industry services on behalf of the egg industry in Australia.

The principal activities of Australian Eggs are in line with the objects of the Company as described in Section 2 of the Australian Eggs Constitution. The long term objective of Australian Eggs is to provide leadership in Industry Service Provision, including Promotion and R&D services that advance the interests of the Australian Egg Industry.

The objectives are carried out via shorter term programs and projects. Programs in marketing are across a range of media both to consumers and to healthcare professionals. The principal measure of the success of promotion activities is increased egg consumption. Other measures and performance indicators are found on the Australian Eggs website in the Annual Operating Plan and the Evaluation Framework.

Research and Development programs and projects are selected for their value of contribution towards the goal of sustainable production in Australian egg farms. Other measures and performance indicators are found on the Australian Eggs website in the Annual Operating Plan and the Evaluation Framework.

There have been no significant changes in the nature of these activities during the year. At an Extraordinary General Meeting in May 2017 the members passed a Special Resolution to rename the company Australian Eggs Limited.

The surplus of the Australian Eggs Limited for the year ended 30 June 2017 was \$1,411,261 (2016: surplus \$1,695,830).

All projects undertaken by Australian Eggs including their purpose, funding and measurement criteria are approved in the Australian Eggs Annual Operating Plan ('AOP') by the Australian Government Department of Agriculture and Water Resources. Australian Eggs reports on the progress of all projects annually in the Evaluation Framework on the Australian Eggs website and in Australian Eggs publication Eggstra Eggstra, in twice yearly meetings with the Department of Agriculture.

WINDING UP

As per Rule 4 of the Australian Eggs Constitution, in the event of the company being wound up, each member is liable for Australian Eggs Limited debts and liabilities for an amount not exceeding \$1.

At 30 June 2017 Australian Eggs Limited had 94 members. Were Australian Eggs Limited to have been wound up on that date, members would be liable to contribute a total of \$94.

DIRECTORS' QUALIFICATIONS

The Australian Eggs Constitution s13.1 states that Australian Eggs may have up to four elected directors and three specialist directors, one of whom will be the Managing Director. In accordance with s13.4(h) of the Australian Eggs Constitution, the Australian Eggs Board consists of three elected and three specialist directors who have demonstrated skills in egg production, the processing of egg products, product promotion and business and financial management, with at least one director highly skilled in corporate governance.

The Managing Director, Rowan McMonnies, holds a Bachelor of Laws degree, a Master of Commerce and is a graduate of the Australian Institute of Company Directors.

The Chair, Danny Jones, has 25 years experience in the egg industry and holds an Advanced Diploma in Business. He is a graduate of the Australian Institute of Company Directors and a Fellow of the Institute of Public Accountants.

Frank Pace has many years of experience in the egg industry and is the Chair of the International Egg Commission. Frank was appointed a Member of the Order of Australia ("AM") for his contribution to the egg industry, both in Australia and internationally.

Bede Burke has been a partner in a successful mixed farming, including egg, business for many years. He holds a Bachelor of Science degree and a Graduate Diploma of Business.

Catherine Cooper has a Bachelor of Laws degree and is a Fellow of the Australian Institute of Company Directors.

Charmaine England holds a Bachelor of Business degree, specialising in marketing. She is a graduate of the Australian Institute of Company Directors.

Directors' qualifications are further detailed in the Annual Report.

DIRECTORS' REPORT (CONTINUED)

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 on page 5.

Signed in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

A handwritten signature in dark ink, appearing to be 'DJ', with a large, loopy flourish at the bottom.

Danny Jones
Chair

Dated 6 October 2017

AUDITOR'S INDEPENDENCE DECLARATION



AUSTRALIAN EGGS LIMITED
ACN 12 859 585

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Eggs Corporation Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'D K Swindells', is positioned above the printed name and title.

Sydney, NSW
6 October 2017

D K Swindells
Director

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

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Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of  International. A world-wide organisation of accounting firms and business advisers.

DIRECTORS' DECLARATION

In the opinion of the directors:

- the attached financial statements and notes hereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes hereto give a true and fair view of Australian Eggs Limited's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that Australian Eggs Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to s295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'DJ', written over a large, faint circular watermark or background mark.

Danny Jones
Chair

Dated 6 October 2017

STATEMENT OF SURPLUS OR DEFICIT & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue	2	10,561,580	9,783,865
Expenditure			
Value for Money	3a	(1,646,997)	(1,111,561)
Increased Consumption	3b	(3,306,501)	(3,231,755)
Sustainable Production	3c	(2,993,246)	(2,679,912)
Effective Engagement	3d	(1,114,054)	(1,012,348)
Levy Collection Costs	3e	(24,671)	(23,748)
Egg Farmers of Australia		(64,851)	(28,711)
Total Expenses		(9,150,319)	(8,088,035)
Surplus for the year		1,411,261	1,695,830
Other Comprehensive Income for the year, net of tax		-	-
Total Comprehensive Income for the year	10	1,411,261	1,695,830

The above Statement of Surplus or Deficit & Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Notes	30 June 2017 \$	30 June 2016 \$
Current Assets			
Cash and Cash Equivalents	9	7,041,504	6,905,738
Trade and Other Receivables	4	1,159,805	1,094,633
Total Current Assets		8,201,309	8,000,371
Non-Current Assets			
Property, Plant and Equipment	5	83,958	73,566
Security Deposit	15		70,280
Total Non-Current Assets		83,958	143,846
Total Assets		8,285,267	8,144,217
Current Liabilities			
Trade and Other Payables	6	301,743	1,513,446
Employee Benefits	7	53,534	125,153
Total Current Liabilities		355,277	1,638,599
Non-Current Liabilities			
Employee Benefits	8	34,753	21,642
Total Non-Current Liabilities		34,753	21,642
Total Liabilities		390,030	1,660,241
Net Assets		7,895,237	6,483,976
Equity			
Retained Surplus		7,895,237	6,483,976
Total Equity		7,895,237	6,483,976

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Retained surplus \$	Total Equity \$
Balance as at 1 July 2015		4,788,146	4,788,146
Total comprehensive income for the year		1,695,830	1,695,830
Balance as at 30 June 2016	9	6,483,976	6,483,976
Balance as at 1 July 2016		6,483,976	6,483,976
Total comprehensive income for the year	9	1,411,261	1,411,261
Balance as at 30 June 2017		7,895,237	7,895,237

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

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	Notes	2017 \$	2016 \$
Cash Flows from Operating Activities			
Receipts from funding and other sources (inclusive of GST)		10,894,445	9,187,220
Payments to suppliers and employees (inclusive of GST)		(10,868,576)	(8,076,221)
Interest received		128,466	104,202
Net Cash Flows from Operating Activities	9	154,335	1,215,201
Cash Flows from Investing Activities			
Advances to related parties		738	-
Purchase of property, plant and equipment		(19,307)	5,292
Net Cash Flows from Investing Activities		(18,569)	5,292
Net Increase in Cash and Cash Equivalents		135,766	1,209,909
Cash and Cash Equivalents at the beginning of the year		6,905,738	5,695,829
Cash and Cash Equivalents at The End of The Year	9	7,041,504	6,905,738

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report covers Australian Eggs Limited as an individual entity. The Financial Report is presented in Australian dollars, which is Australian Eggs Limited's functional and presentation currency.

Australian Eggs Limited is a not-for-profit public company limited by guarantee, incorporated and domiciled in Australia.

The financial report was authorised for issue, in accordance with a resolution of directors, on 17 August 2017. The directors have the power to amend and reissue the financial report.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

Australian Eggs Limited has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of Australian Eggs Limited from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of Australian Eggs Limited.

Accounting Standards Issued Not Yet Operational

Certain Accounting Standards have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by Australian Eggs Limited. Australian Eggs Limited's assessment of the impact of these Standards is that they will have no impact on the future financial reporting of the Australian Eggs Limited, other than as set out below:

AASB16: Leases

Australian Accounting Standard AASB16: *Leases* will apply to Australian Eggs Limited for the first time for the year ending 30 June 2020. This Standard will change how Australian Eggs Limited accounts for its current operating leases, which relate primarily to its premises. All such leases (other than leases with lease terms for 1 year or less and leases of low value items, i.e. for around \$10,000 or less) will be brought onto the Statement of Financial Position by the recognition of a "Right-of-Use" asset, together with a liability for the present value of the lease payments for the life of the lease.

The future recognition of lease expenses will change, with more expenses recognised in the early periods of a lease, and less in the later periods, as there will be a change from the straight-line expense currently recognised to front-ended finance charges. There will also be a change in lease expense classification from recognising operating expenses to recognising financing costs and amortisation.

Australian Eggs Limited has not yet calculated the financial impact of these changes.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for-profit entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

1a. Cash and Cash Equivalents

Cash on hand and in banks is stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

1b. Receivables

Trade receivables are recognised and carried at original invoice amount less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

1c. Recoverable Amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount and where carrying values exceed this recoverable amount, assets are written down.

1d. Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any identified impairment loss. Property, plant and equipment is depreciated on a straight line basis over its useful life.

Useful lives

Office Equipment	2 - 10 yrs
Leasehold Improvements	Term of Lease

1e. Trade and Other Payables

Liabilities for trade creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to Australian Eggs Limited.

1f. Operating Leases - Rental Premises and Photocopier

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised and are expensed on a straight line basis.

Australian Eggs Limited renewed its operating lease regarding its premises at Level 4, 107 Mount Street, North Sydney NSW 2060, commencing 1 November 2012. Under the terms of the lease agreement, the entity was entitled to receive a fitout to the value of \$50,000 plus a rental rebate to the value of \$50,000 in years 2 to 5 of the lease. A lease incentive liability has been entered to reflect both tranches of the

lease incentive. Lease payments are allocated between the rental expense and the reduction in the lease liability over the lease term (5 years). This lease expires on 31 October 2017. Rental payments will be expensed in the financial year in which they occur. Contingent rentals for the year ended 30 June 2017 are recognised as an expense in the financial year incurred.

1g. Provisions

Provisions are recognised when Australian Eggs Limited has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. They are also recognised when it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

1h. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Australian Eggs Limited and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met before revenue is recognised:

Australian Government Matching Funds

The Australian Government matches funding on a dollar for dollar basis on approved research and development funded projects, up to a level of half of the total expenditure on research and development or up to 0.5% of the industry's gross production, and not exceeding the cumulative amount of contributions provided by the industry. Government matching funds are recognised as revenue upon incurring the eligible research and development program expenditure.

Levy Receipts

The Levies Revenue Service of the Department of Agriculture and Water Resources collects statutory levies (Laying Chicken levies and Egg Promotion levies) on behalf of the Australian Eggs limited. Revenue from levies is recognised as revenue upon accrual of the levy amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

Application of Funds

In accordance with the Statutory Funding Agreement between the Commonwealth of Australia and Australian Eggs Limited, Australian Eggs Limited must spend the statutory levies collected in a manner that is consistent with the Strategic Plan and annual operating plans approved by the Australian Government.

Laying Chicken levies and Government matching payments may only be applied by Australian Eggs Limited for research and development activities related to the industry, for the benefit of the industry and, in the case of the Government matching funds, also for the benefit of the Australian community generally.

Australian Eggs Limited must ensure there is a clear distinction between expenditure on research and development expenses and other expenses. This distinction is noted via the annual operating plans approved by the Government and tracked via the accounting system.

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the asset.

Other Revenue

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

1i. Income Taxes

Australian Eggs Limited is exempt from company income taxation.

1j. Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST except when:

- * the net amount of GST recoverable from, or payable to, the taxation authority is included as part of other assets or other liabilities in the Statement of Financial Position.
- * cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1k. Employee Benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee entitlement expenses and revenues arising in respect of the following categories: wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements and other types of employee entitlements are charged against surplus or deficit on a net basis in their respective categories.

1l. Economic Dependency

Australian Eggs Limited is economically dependent on statutory levies received from the egg industry and Australian Government contributions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

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1m. Critical Accounting Estimates and Judgements

In the application of the Australian Eggs Limited's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1n. Comparatives

Where required by the Accounting Standards and / or for improved presentation purposes, comparative figures have been adjusted to conform to changes in presentation for the current year.

1o. Winding up

As per Rule 4 of the Australian Eggs Constitution, in the event of the Australian Eggs Limited being wound up, each member is liable for Australian Eggs Limited debts and liabilities for an amount not exceeding \$1.

At 30 June 2017 the Australian Eggs Limited had 94 members. Were Australian Eggs Limited to have been wound up on that date, members would be liable to contribute a total of \$94.

1p. Registered Office

The registered office of the Australian Eggs Limited is:

**Suite 602, Level 6
132 Arthur St
North Sydney NSW 2060**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2. REVENUE

	Notes	2017 \$	2016 \$
Revenue from Operating Activities			
Egg Promotion Levies		5,262,959	5,264,728
Laying Chicken (R&D) Levies		2,489,884	2,384,061
Government Contributions		1,931,260	1,688,938
Other Revenue	2a	877,477	446,138
		10,561,580	9,783,865

2a. Other Revenue

Advertising		39,955	50,340
Associate Membership		70,954	53,121
Co-funder Contributions		280,818	-
Functions		31,829	16,486
Grant Income		19,890	51,500
Interest		150,713	144,205
Licences Fees		9,375	4,537
Reimbursed Expenses Income		157,220	-
Royalties		75,101	37,476
Training		3,540	16,553
Other		38,082	71,920
Total		877,477	446,138

3. PROGRAM EXPENSES BY OPERATING GOAL

During the year, after much stakeholder consultation, a new Australian Eggs Strategic Plan was developed. Australian Eggs operating units were rearranged in line with the new strategic goals. The previous year's results have been restated to provide comparison.

3a. Value for Money

The Key Focus Areas within the Value for Money goal are:

Accounting and Administration	409,852	184,738
Legal fees related to ACCC matter	-	69,312
Premises	45,388	43,005
Board/AGM expenses	205,855	183,566
Employment expenses	985,901	630,940
Total	1,646,997	1,111,561

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	Notes	2017 \$	2016 \$
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3b. Increased Consumption

The Key Focus Areas within the Increased Consumption goal are:

Matching market cycles

Next Generation

Nutrition

Eating Eggs

Projects / activities	3,106,965	3,064,385
Project travel	12,665	8,468
Program management costs	186,871	158,902
Total	3,306,501	3,231,755

3c. Sustainable Production

The Key Focus Areas within the Sustainable Production goal are:

Flock Health and Biosecurity

Food Safety

Hen Welfare

Research Collaboration

Projects / activities	2,303,251	2,176,072
Project travel	91,426	35,949
Program management costs	598,569	467,891
Total	2,993,246	2,679,912

3d. Effective Engagement

The Key Focus Areas within the Effective Engagement goal are:

Farmer Consultation

Proactive Extension

Market development

IRB Consultation

Projects / activities	858,962	784,747
Project travel	69,389	74,090
Program management costs	185,703	153,511
Total	1,114,054	1,012,348

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	Notes	2017 \$	2016 \$
3e. Levy Collection Costs			
Levy Collection Cost - Egg Promotion Levy		16,447	16,356
Levy Collection Cost - Laying Chicken levy		8,224	7,392
Total		24,671	23,748

3e. Research & Development Expenditure

Aggregate research and development expenditure includes all project expenditure funded by the Laying Chicken Levy and Corporate overheads applicable to those projects.

Aggregate research and development expenditure	3,862,520	3,377,875
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3f. Net Surplus

The net surplus has been arrived at inclusive of these items:

Depreciation	8,914	6,646
Employee Costs	1,762,170	1,315,355
Lease Expenses	113,859	115,928

4. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade Receivables		873,849	982,110
Other Receivables		80,802	58,555
Lease Incentive receivable		12,708	22,708
Prepayments		122,166	30,522
Security Deposit	15	70,280	-
		1,159,805	1,093,895

Amounts other than trade debts receivable from related parties:

Related Entity:

Australian Egg Industry Association	-	738
	-	738

Total		1,159,805	1,094,633
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The Australian Egg Industry Association was voluntarily deregistered in June 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	2017 \$	2016 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Office Equipment		
At Cost	23,965	30,866
Write offs/ disposals	(4,867)	(6,901)
Additions	19,306	-
Accumulated Depreciation	(10,442)	(12,096)
	27,962	11,869
Leasehold Improvements		
At Cost	75,011	69,755
Additions	-	5,300
Write offs/ disposals	-	(44)
Accumulated Depreciation	(19,015)	(13,314)
	55,996	61,697
Total Property, Plant and Equipment		
At Cost	113,415	98,976
Accumulated Depreciation and Amortisation	(29,457)	(25,410)
Total Written Down Amount	83,958	73,566
Reconciliations		
Office Equipment		
Carrying Amount at Beginning	11,869	14,408
Additions	19,306	-
Depreciation	(3,213)	(2,539)
	27,962	11,869
Leasehold Improvements		
Carrying Amount at Beginning	61,697	60,542
Additions	-	5,300
Disposals	-	(44)
Depreciation	(5,701)	(4,101)
	55,996	61,697

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	2017 \$	2016 \$
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6. TRADE AND OTHER PAYABLES (CURRENT)

Trade Payables	271,271	1,418,516
Other Payables	22,581	68,264
Unearned income	1,225	-
Lease Incentive Liability	6,666	26,666
	301,743	1,513,446

7. EMPLOYEE BENEFITS (CURRENT)

Employee Benefits	53,534	125,153
	53,534	125,153

8. EMPLOYEE BENEFITS (NON-CURRENT)

Employee Benefits	34,753	21,642
	34,753	30,568

9. CASH FLOW INFORMATION

(a) Reconciliation of net cash flows from operations

Net Surplus	1,411,261	1,695,830
<i>Non-cash Items</i>		
Depreciation of non-current assets	8,914	6,639
Loss on disposal of non-current assets		-
<i>Changes in Assets and Liabilities</i>		
(Increase)/decrease in trade and other receivables	4,371	(817,159)
Increase/(decrease) in trade and other payables	(1,211,702)	311,956
Increase/(decrease) in employee benefits	(58,509)	17,935
Net cash flow from operating activities	154,335	1,215,201

(b) Reconciliation of Cash

Cash balance comprises:

Cash on hand	250	250
Cash at bank	7,041,254	6,905,488
Closing Cash Balance	7,041,504	6,905,738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	2017 \$	2016 \$
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10. EXPENDITURE COMMITMENTS

Lease expenditure commitments

Operating leases (non-cancellable)

Minimum lease payments

- not later than one year	56,668	57,598
- later than one year and not later than five years	-	21,422
Aggregate lease expenditure contracted for at balance date	56,668	79,020

11. CONTINGENT LIABILITIES

In September 2017 the Federal Court of Australia handed down a decision to uphold its judgment in favour of Australians Eggs in the civil matter brought by the ACCC alleging an attempt to limit the production or supply of eggs. The ACCC has until 23 October to lodge a further appeal.

There are no known contingent liabilities.

12. REMUNERATION OF KEY PERSONNEL

Income paid or payable, or otherwise made available to all directors and key management personnel of Australian Eggs Limited, directly or indirectly, from Australian Eggs Limited or any related party.

Remuneration - Short-term Benefits	791,082	448,518
Remuneration - Post-employment Benefits	81,304	61,728.00
	872,386	510,246

13. REMUNERATION OF AUDITORS

Amounts received by HLB Mann Judd (2016:BDO) for:

- audit of the financial statements	16,000	18,500
- other services	-	-
	16,000	18,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	2017 \$	2016 \$
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14. RELATED PARTY DISCLOSURES

(a) The directors of Australian Eggs Limited during the financial year were:

Jeff Ironside (retired November 2016)

Jim Eve (resigned 2 November 2016)

Frank Pace

Danny Jones

Catherine Cooper

James Kellaway (resigned 31 August 2016)

Rowan McMonnies (appointed 31 October 2016)

Charmaine England (appointed 3 November 2016)

Bede Burke (elected November 2016)

(b) The following related party transactions occurred during the financial year:

Amounts loaned to Australian Egg Industry Association	0	738
	0	738

The Australian Egg Industry Association was voluntarily deregistered in June 2017.

15. RECEIVABLES – SECURITY DEPOSIT

Australian Eggs Limited is obliged to maintain a security deposit for the rental of the business premises at Mount Street, North Sydney. The security deposit will be returned on the end of the lease on 31 October 2017. Australian Eggs is negotiating the lease of a suitable office premises, also in North Sydney. The security deposit required is likely to be of similar value.

2017	2016
70,280	70,280

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2017
\$

2016
\$

16. FINANCIAL RISK MANAGEMENT POLICIES

Australian Eggs Limited's financial instruments comprise cash, cash equivalents, receivables and payables. The main risks arising from Australian Eggs Limited's financial instruments are interest rate risk, liquidity risk and credit risk. Australian Eggs Limited does not hold financial instruments denominated in foreign currencies and does not use derivative instruments to manage risks associated with its financial instruments. Australian Eggs Limited is not exposed to fluctuations in foreign currency.

Australian Eggs Limited's policies for managing each of these risks are summarised below. The policies are approved by the Board and are reviewed regularly.

Interest rate risk

Australian Eggs Limited is exposed to interest rate fluctuations on its cash at bank. Australian Eggs Limited actively monitors interest rates for cash at bank to maximise interest income.

Australian Eggs Limited maintains cash reserves to a level considered prudent to offset any fluctuations in interest rates received.

Sensitivity Analysis:

Australian Eggs Limited has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results which could result from a change to these risks.

At 30 June 2017, the effect on interest received, with all other variables remaining constant would be as follows:

Year ended 30 June 2017	Surplus \$	Equity \$
- Increase in interest rate by 2%	3,024	3,024
- Decrease in interest rate by 2%	(\$3,024)	(\$3,024)
Year ended 30 June 2016		
- Increase in interest rate by 2%	2,268	2,268
- Decrease in interest rate by 2%	(2,268)	(2,268)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

	2017 \$	2017 \$
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16. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risk

Australian Eggs Limited manages liquidity by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained. Australian Eggs Limited does not hold overdraft facilities.

The majority of amounts receivable from trade receivables are under a Statutory Funding Agreement with the Australian Government.

Australian Eggs Limited maintains cash reserves to a level considered prudent to offset any fluctuations in the Government's collection of and distribution to Australian Eggs Limited of levy funds.

Trade and other payables are expected to be paid as follows:

Less than 6 months	293,852	1,486,780
6 months to 1 year	-	-
1 year to 2 years	-	-
	<u>293,852</u>	<u>1,486,780</u>

Credit risk

Credit risk arises from exposures to customers as well as through deposits with financial institutions. Australian Eggs Limited is exposed to two main sources of credit risk - amounts receivable in respect of levy funds collected and distributed to Australian Eggs Limited by the Australian Government and funds on deposit with banks.

The Board of directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only in respect of banks that hold an A rating from Standard and Poor's or an equivalent rating from another reputable ratings agency.

Australian Eggs Limited's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of these assets.

Ageing of trade receivables is as follows:

	30 June 2017	0-30 days	31-60 days
Total Trade Receivables	873,849	868,616	4,092
	30 June 2016	0-30 days	31-60 days
Total Trade Receivables	982,110	960,849	17,844

Price Risk

Australian Eggs Limited is not exposed to any material commodity price risk.

Net Fair Values

The net fair values of all financial instruments approximate their carrying amounts.



AUSTRALIAN EGGS LIMITED
ACN 12 859 585

INDEPENDENT AUDITOR'S REPORT

To the Members of Australian Eggs Limited (formerly Australian Egg Corporation Limited):

Opinion

We have audited the financial report of Australian Eggs Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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.

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of  International. A world-wide organisation of accounting firms and business advisers.



AUSTRALIAN EGGS LIMITED
ACN 12 859 585

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company 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:

- 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 Company'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 Company'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 Company 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.



AUSTRALIAN EGGS LIMITED
ACN 12 859 585

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'HLB Mann Judd Assurance'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
6 October 2017

A handwritten signature in black ink that reads 'D K Swindells'.

D K Swindells
Director



Australian Eggs Limited

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