



Australian Export Grains Innovation Centre



Annual Report

2022–23



Department of
Primary Industries and
Regional Development



AEGIC is an initiative of the Western Australian State Government and Grains Australia.

Chair Report

2022-23

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We acknowledge the Traditional Owners of the land where we live and work, and pay our respects to Elders past, present and emerging.

Cover image: benchmarking Australian wheat with a Korean flour milling company in May 2023



2022-23 continued a three-year run of standout results for Australia's grains industry. New records were set for production and exports along with healthy global prices to help repair farm balance sheets to weather the tougher times. And with 2023-24 formally declared an El Nino year, that resilience will be required in the year ahead.

It also reminds us of importance of a stable market development program (such as activities delivered by AEGIC) in good times and in bad. The fact that grains is now the largest value sector in Australian agriculture means we must invest for the future. Farmers and supply chains have significantly boosted their investments in grain assets in the last decade, so keeping pace with "industry good" services is critical to ensuring a return and protection of those investments over time.

For AEGIC, 2022-23 represented another year where "the only constant was change", but in the best ways possible.

In November 2022, AEGIC celebrated its 10 year anniversary. This milestone sees AEGIC with an excellent reputation in our international markets for our customer engagement, market insights and technical training. Also this year AEGIC's Analytical Labs celebrated 70 continuous years of accreditation with the National Association of Testing Laboratories (NATA) – a huge achievement and a highly valued feature of AEGIC's service to Australia's grain customers.

In December 2022, the WA Government committed to a new \$320 million agricultural facility in Perth, which will include a new site for AEGIC. While still a few years away, this commitment speaks

volumes for the returns and growth being generated in the grains sector for both WA and the nation. Being co-located with other key grains industry partners, including InterGrain and DPIRD, will allow AEGIC to further strengthen our collaborative approach to research, market insight and innovation.

In April 2023, we announced a formal alliance with Grains Australia. Under this new structure, both AEGIC and Grains Australia will deliver better and more efficient outcomes for growers and industry. We applaud GRDC, DPIRD and Grains Australia for their collaboration and foresight. We expect substantial value from this alignment for the Australian grains industry in the decades ahead.

Over the year, with COVID travel restrictions lifting, we have reverted to more of our in-market contact with customers, where our staff have been warmly welcomed. Our virtual engagement will also continue, with all the efficiencies and extra reach it brings.

A pleasing development over 2022-23 has been AEGIC's success and attracting additional investment to support our customers throughout Asia. AEGIC has participated with Grains Australia and others in delivering leadership development in Asia and in 2024 will deliver an online elearning package for technical training of customers.

In mid 2023, we were very pleased to announce Courtney Draper as the new Executive General Manager of AEGIC. In her previous role as AEGIC Market Insights Manager, Courtney had already built strong connections with in Australia and international markets. We look forward to seeing Courtney and the wider AEGIC team deliver on our purpose of increasing value in the Australian grains industry.

I acknowledge the contribution of former CEO Richard Simonaitis, who left AEGIC in October 2022 and now very ably leads Grains Australia. Richard's commitment over a six year term as CEO has left AEGIC in an excellent position. The Board also thanks Dr Ken Quail for his excellent and stable leadership as Interim CEO during much of 2022-23.

I thank my fellow directors for their guidance and support of AEGIC. Alick Osborne has resigned from the AEGIC Board and is replaced by Grains Australia-nominated Director Andrew Young. I thank Alick for his highly professional approach and contributions to AEGIC over the last six years, and welcome Andrew.

AEGIC wouldn't exist without our Members and I thank Members DPIRD and Grains Australia for their steadfast support of AEGIC's work. 2024 will see a formal review of AEGIC and I am confident that review will confirm the value of continued investment in AEGIC beyond our current arrangement to 2026. Crucially GRDC, where Grains Australia's investment in AEGIC ultimately comes from, remains a key plank in the fabric of our industry and I thank GRDC for their support over the years.

Finally, thank you to AEGIC's highly capable and hard-working staff.

Ron Storey

Chair

Executive General Manager Report 2022-23



I am delighted to deliver my first annual report as Executive General Manager of AEGIC.

I assumed the role of AEGIC EGM at the end of the 2022-23 financial year, transitioning from my role leading AEGIC's Economics and Market Insights Team.

I come from a generational farming family, and so when I say that the future of our industry means a great deal to me, both professionally and personally, I mean it. I'm very proud to lead this organisation and to continue to work our key stakeholders in addressing the key challenges and opportunities facing the Australian grains industry.

It was a big year for AEGIC, during which we celebrated our 10 year anniversary, and announced a significant alliance with Grains Australia.

At the coalface, our highly capable team of 45 continued to kick goals on behalf of industry across our diverse array of projects.

The AEGIC team successfully secured \$2.6 million in additional investment, on top of our core Member investment. Our success in obtaining this investment allowed us to partner with industry across a range of projects deemed beneficial to industry to deliver more value across the grains supply chain.

It was fantastic to once again ramp up our travel schedule and reconnect in-person with 39 organisations across Indonesia, Vietnam, Philippines, Taiwan, Japan, Korea and India. This engagement including meetings, educational seminars, noodle quality trials with millers, and grains industry conferences and events. Providing technical support and education to customers in-person helps maintain human connections between Australia

and its markets and makes it more likely they will purchase Australian grain in the future. This engagement also gives customers the opportunity to raise any issues they may be having with quality or supply from Australia, which we can feed back to industry.

Importantly, our international in-person engagement is two-way, and we were very happy to host 18 international delegations through the year. We also maintained our virtual engagement via 30 webinars, and our popular virtual crop inspection video series.

AEGIC's market insights continue to be highly valued by industry. A prototype digital market insights portal developed by our market experts was well received by industry. Initially focused on global pulse markets, the portal will be expanded to include wheat, barley and other grains and will be available to Australian stakeholders in 2024. Domestically, we communicated our market insights to grains industry stakeholders across 40 separate speaking engagements throughout the year.

We continued our work to expand markets for Australian malting barley, providing practical information to customers in India, South East Asia, and Latin and Central America. It's heartening to see the China market open once again and we look forward to continuing to provide practical technical support to the Chinese malting and brewing industries.

There is far too much to talk about here, so I encourage you to have a look through the rest of this Annual Report for many more examples of AEGIC's value delivery.

I would like to acknowledge and thank former CEO Richard Simonaitis, and Interim CEO Dr Ken Quail, for their leadership during 2022-23. Thank you also to the AEGIC Board for their support and to AEGIC's fantastic staff.

Lastly, thank you to AEGIC's Members DPIRD and Grains Australia – as well as GRDC – for allowing AEGIC to deliver value to growers for over 10 years.

Courtney Draper
AEGIC Executive General Manager



I'm very proud to lead this organisation and to continue to work our key stakeholders in addressing the key challenges and opportunities facing the Australian grains industry.”

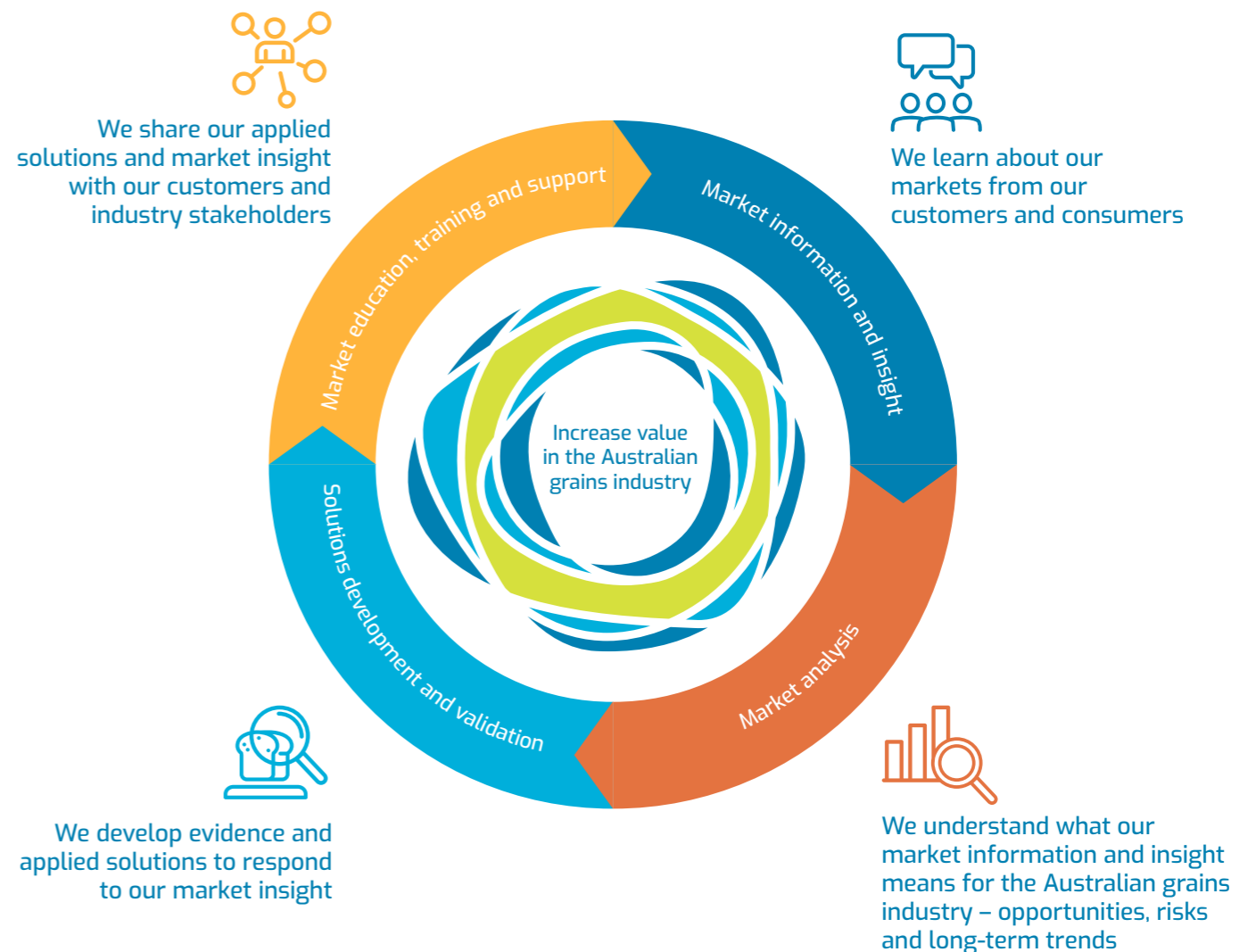
About us

The Australian Export Grains Innovation Centre (AEGIC) is an independent organisation that helps position Australian grain as the preferred choice in international markets.

Our work helps the Australian grains industry breed, classify, grow and supply grain that markets prefer.

AEGIC's primary beneficiaries are Australian grain growers, but the impact of AEGIC's work spans the whole grains supply chain, from the grower in Australia, whose grain is valued internationally, to consumers across the world who enjoy excellent noodles, baked products and beer made from Australian grain.

Our value delivery model:



Purpose

AEGIC exists to increase value in the Australian grains industry

Vision

Australia's leading organisation for market insight, innovation and applied solutions for the grains industry

AEGIC snapshot 2022-23



10 years
of increasing value
in the Australian
grains industry



45 employees
in WA, NSW and Victoria



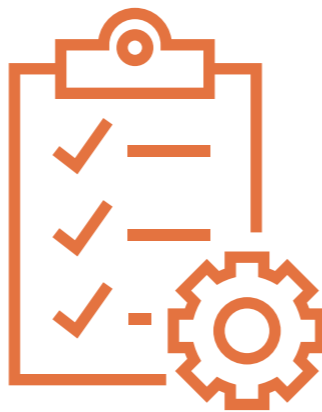
21 grain markets
serviced



**1700 international
customers reached**
via webinars and workshops



65
Australian
industry partners



**23 current
projects**



\$4.37m
value of AEGIC projects



\$2.6m
in additional
project funding
over 20 grants



\$4 value
returned to industry for
every \$1 invested in AEGIC



\$17.5m value
returned to Australian
grain industry



Thoroughly appreciate the great work you and your team are doing to profile... Australian grain on a global platform... it ensures our market development and share."

– Australian grain grower

Supporting the Australian grains industry

AEGIC builds strong relationships with industry stakeholders, who recognise the value we deliver, seek our expertise and invest in our projects. We collaborate with a range of industry partners to increase value across the Australian grains supply chain.



Alliance with Grains Australia

In April 2023, AEGIC and Grains Australia joined forces to build a more robust and united national grains alliance.

The strong support for the alliance across the industry further demonstrates the confidence the Australian industry has in AEGIC.

AEGIC is represented on three of the five Grains Australia Commodity Councils (wheat, barley, oats) – and is a strategic advisor to the Grains Market Access Council – helping guide strategic priorities for the industry. The Grains Research and Development Corporation (GRDC) remains a crucial stakeholder for AEGIC. Investment for AEGIC from GRDC now comes through Grains Australia.

Photo: GRDC Chair John Woods with WA Agriculture and Food Minister Jackie Jarvis.



\$2.6m investment from partners

We secured about \$2.6m worth of investment across a range of projects from partners including the WA Department of Primary Industries and Regional Development (DPIRD), GRDC, the Australian Government's Agricultural Trade and Market Access Cooperation program the South Australian Grains Industry Trust (SAGIT), the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) and the Global Innovation Linkages program.

This diversity of investment demonstrates the high level of confidence industry organisations have in AEGIC to deliver projects with real impact.

Photo: \$567,000 GRDC investment to support AEGIC pulse protein processing research.



Supporting stakeholders with expertise and insights

We attended 17 industry conferences, field days and events, and presented our insights to industry via speaking engagements in person and online 40 times.

Our quarterly "Stakeholder update" keeps the industry informed about the progress and impact of AEGIC's suite of projects.

AEGIC's wheat quality and baking training courses helped the grain and allied industries of Australia understand the importance of wheat quality to help meet customer needs.

AEGIC's Analytical Laboratories celebrated 70 years of accreditation through the National Association of Testing Authorities (NATA). Our grain and food quality analysis helps ensure Australian grain meets quality expectations of customers.

Photo: AEGIC Chief Economist Professor Ross Kingwell presenting at GRDC Research Updates.



GRDC is very supportive of the work undertaken by AEGIC in market development and research efforts to build positive long-term industry outcomes and achievements."

– John Woods, GRDC Chair

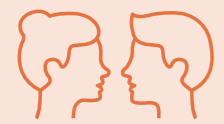


Many thanks for sending (the Stakeholder update) through. Well-presented and full of great information."

– Australian grain trader

Educating and supporting international customers

We deliver technical support and education to grain customers to demonstrate the quality and value of Australian grain and help them optimise its value. This makes it more likely they will purchase Australian grain.



Face-to-face with customers

In 2023, we expanded our in-person engagement with grain customers, visiting **39 organisations** in Indonesia, Vietnam, Philippines, Taiwan, Japan, Korea and India, and hosting **18 delegations** in Australia.

AGEIC's workshops and wheat quality trials with flour millers allowed us to demonstrate the benefits and value of Australian grain for noodles and bread hands-on. See the following pages in this annual report for details. Engaging with customers in-person helps maintain human connections between Australia and its markets.

Photo: Trialling AH varieties for noodles in Japan.



Virtual engagement across the world

We delivered **31 webinars and workshops** reaching more than **1700 grain customers** across the world on topics including barley for malt and feed and Australian wheat for noodles and bread. Through webinars and information packages, we helped flour millers calculate the true cost of Australian wheat. Choosing our wheat can often result in significant cost savings – even though it may sometimes be more expensive per tonne.

With investment through IA-CEPA, facilitated by Katalis and Grains Australia, we are developing an online eLearning training program for Indonesian flour millers, with video production by SBS.

In collaboration with the Australian industry, we released virtual crop inspection videos in multiple languages across 20 countries to help customers keep track of the Australian growing season.

Photo: Australian grower Katrina Sasse took part in AEGIC's 2022 Season Update videos.



Australia's unique wheat relationship with Japan

On behalf of the Australian industry, AEGIC provides Japanese flour millers with regular seasonal and industry updates to help maintain this uniquely stable udon noodle wheat market. This regular update is reaching 643 customers in Japan including government representatives, industry associations, flour millers, noodle makers, trading houses, beer/shochu makers and feed mills.

In November 2022 and March 2023, we once again hosted a visiting Japanese noodle expert to conduct sensory evaluation of upcoming udon noodle lines. In June 2023, we travelled with InterGrain to assess a new udon variety with Japanese millers with positive results. The variety, Firefly, was recently released.

In January 2023 and May 2023, in collaboration with the Grain Industry Association of WA (GIWA), and CBH Group, we hosted delegations from the Japanese Government and flour milling industry to discuss noodle wheat supply.

Photo: in Japan: sensory evaluation of upcoming udon varieties with InterGrain.



Great analysis by AEGIC. Every negotiator of Aussie wheat should have a table beside them to keep reminding buyers. Distributing and educating the actual millers as you are doing is also crucial.”

– Australian wheat trader

Maintaining Australia's noodle superiority

We work to understand customers' noodle quality requirements to provide insights to Australia's wheat breeders. We develop evidence that differentiates the performance of Australian wheat from competitor wheat, increasing its value. We help customers better understand the benefits and value of Australian wheat for noodle appearance and mouthfeel, making it more likely they will choose Australian wheat.



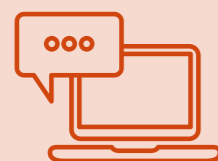
Potential new high-value hard wheat for noodles

AEGIC identified that certain Australian Hard (AH) wheat varieties have potential for premium noodles. Working with customers in Asian markets, we are investigating the potential of creating a new, potentially premium-paying market for hard wheat growers.

We hosted a Korean milling company to trial potential varieties in December 2022. In May 2023, we travelled to Japan to conduct noodle trials with major flour millers, with further trips to Korea and Taiwan planned. Results for the wheat varieties we trialled were very promising.

Co-investors: Grains and Research Development Corporation (GRDC) and the South Australian Grain Industry Trust (SAGIT)

Photo: AH noodle sensory evaluation in Japan.



Demonstrating the benefits of Australian wheat for noodles

Our in-person workshops, webinars and virtual meetings in early 2023 in Indonesia, Vietnam, Malaysia, Thailand, Philippines, Japan and Korea helped flour millers and food manufacturers understand the benefits of Australian wheat for noodles. Australian wheat has superior colour and texture for noodle types across Asia, including different types of yellow alkaline noodles and Japanese udon.

We also worked with flour millers to expand the understanding of Australian Noodle Wheat (ANW and APWN) for products other than udon (co-investor: InterGrain)

Photo: noodle sensory evaluation in Korea with InterGrain's Tress Walmsley and Dr Dan Mullan.



WA noodle wheat on national Japanese TV

In May 2023, the Japanese public broadcaster, NHK, featured AEGIC in a story on Australian udon noodle wheat.

This story was broadcast nationally and showcased the benefits of WA noodle wheat and how AEGIC's sensory evaluation of udon helps Australian breeders meet Japanese wheat quality requirements.



It was easy to understand why Australian wheat is good. It seems that the number of fans of Australian wheat will increase!”

– Japanese flour miller

Increasing the use of Australian wheat for Asian baking

Demonstrating the performance and value of Australian wheat for bread and cookies helps position Australia as a preferred supplier to Asian markets, creating value for growers.



Australian wheat for bread in South East Asia

Asian bread companies are expected to continue to move towards “no-time dough” bread production, which favours Australian wheat.

To capitalise on this growing, premium market, AEGIC worked with major flour millers in Indonesia and the Philippines to run baking trials and demonstrate the benefits of Australian wheat.

Photo: AEGIC banh mi trials in Vietnam.



A new Australian soft wheat industry

AEGIC continues to support a potential new Australian soft wheat industry, in collaboration with growers and breeding companies.

Working in Indonesia with major flour millers, we assessed soft wheat samples for product quality for cookies, with promising results.

Co-investor: WA Government through DPIRD

Photo: AEGIC soft wheat trials in Indonesia.



AEGIC (is) advancing the wheat flour industry and supporting consumers in Indonesia’s needs on baking through Australian wheat research & science.”

– Major Indonesian flour milling company



The health and wellbeing story

Australian whole grains, oats and pulses are poised to become a top choice as customers become more interested in the considerable health benefits.

Demonstrating that Australian grains are superior for whole grain and pulse protein products creates new value for growers by positioning Australian grains as the most attractive choice.



Stimulating demand for healthy Australian whole grains in Asia

Continuing our work to advance Australian wheat for whole grains, we produced and distributed technical information packs to customers outlining how to incorporate Australian whole grain flour into popular Asian products, including coconut/pandan waffles, chocolate oat cookies, youtiao (fried dough) and dried noodles.

We continue to communicate the benefits of Australian wheat for whole grains to customers through webinars and in-person meetings.

Co-investor: DPIRD

Photo: Whole grain youtiao produced at AEGIC.



Strengthening the WA oats industry

With nearly \$1m investment from the WA Government's Processed Oats Partnership (POP), we are continuing to move Australian oats beyond breakfast through innovative new products, including oat "rice", oat noodles and other concept foods.

We took part in the International Oat Conference in November 2022, and AEGIC's oat "rice" was popular with attendees.

New POP projects being run by AEGIC will further strengthen the WA oat industry by helping improve the oat classification system and providing analysis of market opportunities.

Co-investor: DPIRD through POP

Photo (Evan Collis/GRDC): AEGIC oat noodles with Dr Sabori Mitra and Dr Nabeen Dulal.



Pulse protein food innovation

With a \$567,000 investment from GRDC, we are establishing a new pulse processing plant to support AEGIC's research into pulse protein concentrates.

With demand for plant-based protein increasing, this research will help create significant value-added opportunities for Australian pulses in protein applications. AEGIC continues to work with the University of Sydney through the Global Innovation Linkages program to deliver pulse protein research.

Co-investors: GRDC, Global Innovation Linkages Program

Photo: Food Scientist (Milling) Chris Whiteway and Senior Research Scientist Dr Daniel Skylas.

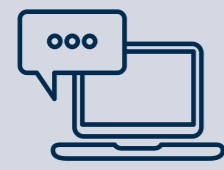


Impressive work by the AEGIC team. Developing more (oat) market options for Aussie grain (is) critical for long term grower profitability."

– Nigel Hart, GRDC Managing Director

Expanding markets for Australian malting barley

Diversifying markets for Australian malting barley helps reduce risk for growers by reducing the reliance on a single large market. Continued engagement with China helps maintain Australia's most important barley market by ensuring brewers and maltsters are informed and equipped to use Australian barley when available.



Diversifying markets for Australian malting barley

We continued to stimulate demand and find new market options for malting barley growers by providing practical information to customers in India, South East Asia, Latin and Central America and Africa on seasonal conditions and how to get the most out of Australian barley.

We took part in a WA Government delegation to India in July 2022 to help build opportunities for Australian malting barley.

We hosted webinars and briefings for the Chinese malting and brewing industries. With the Chinese market now open once again, we look forward to continuing to engage with Chinese customers to help maintain Australia's most important barley market.

Co-investors: the Australian Government through the Agricultural Trade and Market Access Cooperation (ATMAC) program; Grains Australia

Photo: AEGIC Barley Markets Manager Mary Raynes with customers in India.



Innovative new malting technology

We manufactured a prototype version of our innovative "MultiMalter" device, which identifies optimised malting conditions for new malting barley varieties.

The MultiMalter can greatly speed up the accreditation process and help customers adopt new varieties more quickly, making it more likely they will continue to buy malting barley from Australia.

We continue to engage with industry on how best to implement the MultiMalter to create the most value.

Co-investor: South-West WA Drought Resilience Adoption and Innovation Hub



I believe the work done by AEGIC (to) date in India in building Australian barley profile... is noteworthy and commendable."

– Australian government representative



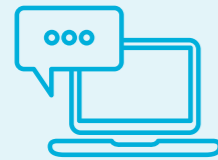
The barley webinars that AEGIC are leading into Mexico, Central and South America area a very effective tool in presenting Australian barley and they have supported actual trade. When asked why he has continued to buy grain from Australia, one of our buyers said **'We attended one of those... webinars and was impressed with level of knowledge and maturity of the Australian industry. This gave us confidence which was then further demonstrated through easy and open negotiation and eventual trouble free supply.'**

– Lyndon Asser, Senior Commercial Marketing Manager, Viterra

Australian grains for Asian animal feed

Consumers in Asia are buying more meat and animal products as their economies and incomes grow. Australian grains are a reliable and high-quality choice for animal feed diets because of their low moisture and cleanliness.

We help feed grain buyers understand the benefits of using Australian grains and how to incorporate them in livestock rations, supporting the demand for Australian feed grains.



Stimulating demand for feed grains

Working with leading Australian animal feed nutrition experts, we hosted 6 webinars for the livestock industries of Vietnam, Thailand, Indonesia, the Philippines, China and South Korea.

Providing practical, technical information on how to use Australian grains for animal feed helps pave the way for increased use of Australian grains in these markets.

Co-investors: the Australian Government's ATMAC program; Grains Australia



Preserving value for weather damaged crops

Some regions suffered a wet harvest in 2022, resulting in weather damaged (sprouted) crops. In response, we led a series of 5 webinars for the Philippines, Vietnam, Indonesia, Thailand, China, and South Korea. Customers were provided with practical, technical information on how to use sprouted wheat for animal feed.

Stimulating demand for sprouted grains helps preserve some value for growers.

Co-investors: GRDC through Grains Australia



“(AEGIC is) doing a great job in getting these doors open.”

– Australian government representative



Market information, insight and analysis

We analyse market and consumer trends to identify opportunities for Australian grains. Our insights help the Australian industry identify and capture the best opportunities, and prepare for future challenges.



Grain Market Insights Portal

We developed a prototype insights portal displaying dynamic current and forward-looking information on global pulse markets. The team is also developing templates and other tools that will help industry with investment decisions.

Key stakeholders, including Grains Australia and GRDC, are in support of the portal and the system is now being expanded to include wheat, barley and other grains. The system and tools will be available to Australian stakeholders in 2024.

Co-investors: the Australian Government's ATMAC program; GRDC



Health and sustainability trends

We examined food labelling trends in key grain markets to identify trends and opportunities. Medium term opportunities are related to health, while longer term, Asian consumers will be increasingly interested in the sustainability of supply chains. This series of papers will help industry develop strategies to respond to these trends.

Co-investor: GRDC

Photo: Dr Chris Carter in Indonesia.



Insights and analysis for industry

We provided market intelligence for industry, including insights on pulse opportunities (faba, lentil, chickpea, field pea), health and sustainability trends, and supply chain challenges and opportunities.

Our *Improving Australia's containerised grain exports* report was released in August 2022 and supported through 7 presentations at grains industry events around the country. We contributed to a Productivity Commission draft report on container port productivity.

AEGIC's contribution helped inform the report, which found higher productivity at Australia's container reports is achievable and would deliver significant benefits.

Photo: Dr Chris Carter presenting at GRDC Research Updates.



As noted previously, I think this is a particularly important tool and truly look forward to working with you and the AEGIC team as you build and expand this further, including wheat and barley.”

– Australian grains industry representative

LA Judge Award

AEGIC hosted the 54th LA Judge Award for Baking Apprentice of the Year competition and Award Ceremony in Sydney in May.

The LA Judge Award is run by AEGIC to support the Australian grain and baking industries, and to help ensure the future of the industry is in good hands.

The competition brought together the best young baking apprentices from Australia and New Zealand with young Tasmanian baker Bjarke Svendsgaard taking the prize.

The LA Judge Award would not be possible without the support of industry sponsors, which in 2023 included major sponsor and gala dinner sponsor Woolworths, major sponsor and prize sponsor Puratos, major sponsors Lesaffre, NBIA, Vanrooy, Australian Bakels, Allied Pinnacle and Manildra, and supporting sponsors Mauri and ADM.



Commercial services and training

AEGIC offers leading services to the Australian grain and food industries.

- Technical support and training courses
- Grain quality testing
- NATA-accredited food analysis
- Baking innovation
- Noodle technology
- Cake and biscuit technology
- Micromalting and malt quality analysis
- Product and process innovation
- Milling technology



That's fantastic service - thanks for the speed that you put that all through, much appreciated."

- AEGIC lab client

Our people

Our strong focus on values and workplace wellbeing underpins our positive culture and drives our passion to deliver AEGIC's vision. A thorough staff culture survey in 2022 found that 89% of employees are proud to work for AEGIC.

We support the ongoing development of our team of 45 through investment in training and development. Safety and well-being is a key focus through a number of programs and initiatives.

We are proud of our diversity, with many different cultures represented at AEGIC. Our highly qualified team excels across multiple areas of expertise.

PhD	16
Masters	9
Grad Dip/Grad Cert	8
Bachelor Degree	39
Advanced Dip	13
Certificates	21

25 staff in WA

18 staff in NSW

2 staff in Vic

89% proud to work for AEGIC

AEGIC Values



Respect
RESPECT for the individual is at the heart of AEGIC's relationships between staff, clients, stakeholders and the wider community.



Connect
CONNECTING with our stakeholders and clients for grain grower benefit is the focus of our collaborations.



Strive
We STRIVE to achieve excellence through continuous improvement, lifelong learning and a curiosity to deliver innovative and commercial solutions to real problems.



Financial report

AEGIC directors



Ron Storey, Chair

Independent Director: Reappointed Director 13 June 2019. Appointed Chair 31 August 2020.

Ron has over 20 years of global grain marketing experience, plus a further 20 years in consulting, market research, and commercialisation activities in grains and agribusiness.

He is a former Director and Chairman of Pulse Australia, and a former Director and Chairman of AGT Breeding and Australian Crop Forecasters.

Ron is currently Managing Director of Storey Marketing Services and retains a grain growing interest in his family farm.



Matthew Macfarlane

WAAA nominated Director: Reappointed 30 August 2023

Matthew Macfarlane (BCom GAICD CA) is the Chair of icetana (ASX:ICE) – an AI-video analytics company and of PetRescue a pet rehoming charity; he is also a non-executive director of AgriFutures a statutory body that helps to fund research and development in Australian rural industries.

Matt is an active angel investor in early stage tech startups, and has been contributing to the startup eco-system in Perth for over 18 years.

Matt works hands-on with technology-led companies to assist in building teams, accelerating growth, achieving milestones and securing additional financing. He is a judge for: the WA Innovator of the Year Awards and the AIM Pinnacle Awards.

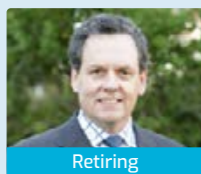


Karlie Mucjanko

Independent Director: Reappointed 30 August 2023

Karlie Mucjanko has almost 20 years of experience communicating with and on behalf of farmers across Australia.

For more than a decade of this time, Karlie built her commercial management skills as a Senior Executive for Australia's largest agribusiness, the CBH Group. During her time with the CBH Group, Karlie in her role as General Manager External Relations, played an integral role in reducing the cost of regulation for CBH at the same time as building stronger engagement and connection with grain growers to secure supply and build competitive advantage for CBH. Karlie has also been building her Non-Executive Director career and is currently the Deputy Chair of the Western Australian Regional Development Trust and a Director of Fremantle Port, Intergrain Pty Ltd and the Guildford Grammar School Foundation.



Alick Osborne

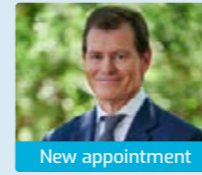
GRDC nominated Director: resigned 30 August 2023

Alick Osborne has amassed significant experience in the Australian grains industry.

Alick spent more than 12 years in senior management roles at Louis Dreyfus Commodities, including two years as Managing Director.

He is also a past president of the Australian Grain Exporters Association, and has experience in other commodities including three years as CEO of Tully Sugar Limited.

Alick is currently the CEO of Seasol International Pty Ltd.



Andrew Young

Grains Australia nominated Director: New appointment 30 August 2023

Based in Western Australia, Andrew Young has over 25 years' experience in senior executive and director roles in leading agribusiness based in Australia and South East Asia.

He is involved in several large agribusinesses in both Executive and Non-Executive roles. He is currently a non-executive Chair of grain export business Plum Grove. Andrew is the Chair of Westpork Pty Ltd, Western Australia's largest pork producer and its joint venture processing and food service company Dardanup Butchering Company.

Andrew is a Graduate of the Australian Institute of Company Directors (GAICD) and completed the Advanced Management Program at INSEAD business.



Emma Walczak

Company secretary: Appointed 15 January 2015

Emma has had significant experience as a commercial lawyer and company secretary for over 13 years. Emma is the principal of Trinitas Legal, her own law practice, where she provides commercial law advice and company secretarial services to businesses in Perth.



AEGIC projects

Wheat

Developing an online training program for the Indonesian flour milling industry

Description: This project will develop a comprehensive online learning program for Indonesian flour mill employees covering grain technology, mill processing, equipment and food handling. All materials will be available in Bahasa Indonesia.

Value: Indonesian flour milling companies increase their capacity to get the best value from Australian wheat, making it their preferred choice.

Virtual crop inspection videos

Description: AEGIC produces and distributes monthly virtual crop inspection videos, collaborating with industry. Aimed at international customers, the videos track the development of Australia's crops and show our supply chains in action.

Value: International stakeholders are kept informed on the potential supply of Australian grain and the likelihood of them purchasing it is improved.

Pathways to deliver 'Convenient, Healthy, Ethical, Sustainable and Safe (CHESS)' food grain

Description: This co-investment with GRDC will identify pathways for the Australian grains industry to capitalise on emerging opportunities for grain produced with Convenient, Healthy, Ethical, Sustainable, and Safe (CHESS) attributes. These CHESS attributes, a concept developed by AEGIC, are a set of qualities that consumers are expected to prefer in food products.

Value: The Australian industry better understands market opportunities for grain with 'CHESS' attributes. New demand for Australian grain is created. Demand shifts from commoditised trade to differentiated, premium attracting opportunities.

Co-investor: The Grains Research and Development Corporation (GRDC)

A comparative economic analysis of Australia's main containerised grain supply chains

Description: Containerised grain is a growing component of annual grain sales in many grain exporting regions, particularly in eastern Australia. By studying and reporting on the nature and cost of container supply chains in Australia, this project identified ways to improve their cost efficiency and reliability.

Value: Australian stakeholders better understand opportunities to improve container trade efficiency, leading to more efficient container supply chains.

Co-investors: The Grains Research and Development Corporation (GRDC); the South Australian Grains Industry Trust (SAGIT)

Grist for the mill – demonstrating the financial value of milling Australian wheat

Description: Millers of wheat are not always aware of the financial advantages of milling high quality Australian wheats. Wheat buyers with less advanced wheat valuing techniques sometimes purchase cheaper, low quality foreign wheat, assuming that cheaper low quality foreign wheats represent a better value proposition than Australian wheats. This project aims to teach both buyers and sellers of Australian wheats more advanced wheat valuing techniques, as well as promote the aspects of Australian wheat that increase its financial value through the milling process.

Value: Flour milling companies across Asia and MENA will have a better understanding of the value of Australian wheat for milling applications. Greater market retention and increased demand for Australian wheat in South East Asia and MENA countries.

Optimising milling conditions for key Australian wheat grades

Description: Feedback from international flour mills suggests flour mills in key markets struggle to extract the maximum value from the different types of wheat they use. This project modelled the differences in milling different Australian wheat classes, using the AEGIC Sydney Pilot Mill. The results will give new and unique insights into optimising milling Australian wheat classes and will be communicated to both international millers and the Australian trade.

Value: Flour milling companies increase flour milling efficiency when using Australian wheat and this influences their propensity to use Australia wheat. Wheat traders better understand how they can help their customers extract maximum value from Australian wheat and this maintains or grows our market share. Grains Australia better understands the milling performance of different Australian wheats, aiding classification decisions.

Maintaining the value of Australian wheat in South East Asia for premium noodles via technical support and education

Description: Technical exchange and education will be provided to South East Asian millers and noodle makers to support the use of Australian wheat in noodle products.

Value: Customers in South East Asia (SEA) better understand the functional benefits and value of using Australian wheat for noodles and this influences their buying decisions. The Australian industry better understands customers' noodle quality requirements and that influences breeding and classification decisions.

North Asia market maintenance

Description: North Asia provides major and stable wheat markets for Australia. This project provides information and services to markets in the region to maintain and defend them from increasing competition from other exporters.

Value: Japan, South Korea and Taiwan continue to be important stable customers for Australian grain. Australian grains industry remains proactively engaged with North Asian markets so issues are resolved efficiently and new opportunities are visible to the Australian industry quickly.

Annual sensory assessment of advanced noodle lines

Description: A visiting noodle expert visits Australia every second year for noodle sensory assessment of new and upcoming noodle varieties.

Value: Australian noodle wheat varieties meet the quality requirements of the Japanese market and Australia's market share is maintained. Strong on-going relationships with the Japanese market are supported.

Benchmarking Australian wheat

Description: This project seeks to expand the benchmarking of Australian wheat to inform its competitiveness in international markets. It will highlight the quality improvements required to enhance Australia's competitive position.

Value: Australian industry has a better understanding of the quality and functionality of competitor's wheat. Performance of AH, APW and ASW classes are differentiated from the performance of Black Sea wheat, increasing the value of Australian wheat. Australian stakeholders utilise AEGIC reports in classification and decision making (e.g. setting quality targets for new wheat classes).

Co-investors: the Australian Government through the Agricultural Trade and Market Access Cooperation (ATMAC) program

Increasing the use of Australian wheat for bread in South East Asia

Description: The objective of this project is to continue to grow our customer engagement, manage and further build customer relationships, continue to provide technical support, education and extension to flour millers and bakers in key markets of SEA. AEGIC will facilitate and deliver annual market visits, workshops and seminars to extend how Australian wheat can be used in baking grists

Value: Customers better understand Australian wheat quality and functionality and how to use Australian wheat in their baking processes. Bakeries in SEA start adopting rapid baking processes and this influences their buying decisions. More Australian wheat is used in SEA bread production.

Tolerance to fermentation: Australian wheat and its ability to tolerate fermentation during various baking processes in South East Asia

Description: Feedback from South East Asian (SEA) flour millers and processors has highlighted concerns that Australian wheat exhibits less tolerance to fermentation than North American wheats, impeding its performance. There is currently a limited understanding of tolerance to fermentation and its impact on optimal dough performance or the conditions that affect it in SEA baking applications. This project sought to identify quality traits and performance parameters to address tolerance to fermentation under a range of conditions during baking processes.

Value: The Australian wheat industry better understands fermentation tolerance in Australian lines for different SEA baking processes. Grains Australia improves breeding targets for tolerance to fermentation and bread volume. The long-term goal of establishing an elite baking class in Australia is supported.

Expanding demand for Australian noodle wheat classes in key South East Asian markets

Description: This co-investment with InterGrain will identify and support demand for noodle wheat classes in SEA. Mainly used for udon noodles, market analysis will determine whether the future demand for these wheat classes will continue to be for premium noodles, or whether there are opportunities in other premium food product segments.

Value: The Australian grains industry understands the strategic opportunities in South East Asia for future demand of APWN and ANW. South East Asian customers better understand the quality, functionality and end-use of APWN and ANW, and this enhances demand for these classes.

Co-investor: InterGrain

High-value Australian hard noodle wheat for East Asia

Description: This project aims to position a segment of the Australian Hard class as a premium noodle grade in Asia. This will create additional value for selected hard wheat varieties grown at AH protein levels.

Value: Selected hard wheat varieties are valued for premium noodles in Asia. The Australian wheat industry has an increased understanding of noodle markets in the region. Grains Australia can consider the merits of creating a noodle subclass of Australian Hard (AH) wheat.

Co-investors: Grains and Research Development Corporation (GRDC) and the South Australian Grain Industry Trust (SAGIT)

Increasing consumption of whole grain products – an opportunity for the Western Australian grains industry

Description: This DPIRD investment aimed to place Australia at the forefront of a predicted growth in whole grain consumption across South East Asia. Whole grain opportunities were assessed through analysis of consumer preferences and market trends in the region. Information packages about the unique advantages of Australian wheat help to establish it as the preferred choice. New evaluation methods help breeders identify the preferred wheat lines for whole grain performance.

Value: Australian wheat will be positioned to meet future market and health demands. Australian wheat is preferred for whole grain products.

Co-investor: The Department of Primary Industries and Regional Development (DPIRD)

Positioning Australian soft wheat to maximise market opportunities

Description: Responding to rising consumer demand for baked goods, this project is supporting the development of a new Australian soft wheat industry. We've helped assess the cookie performance of soft wheat breeding trials with promising results. We're also enhancing testing methods and understanding milling performance for soft wheat.

Value: Australian soft wheat becomes the preferred wheat for production of biscuits and cakes across SEA.

Co-investor: The Department of Primary Industries and Regional Development (DPIRD)

Barley

Reducing technical barriers for malting barley market access using innovative technology

Description: One of the major concerns for customers of Australian malting barley is the rapid turnover of new varieties. This project built a robust MultiMalter prototype, supporting a faster pathway to market and market acceptance of new higher yielding barley varieties.

Value: AEGIC's MultiMalter prototype unit is fabricated. The unit provides ongoing data to the industry to support the adoption of new malting barley varieties globally. Australia is maintained as a preferred origin for malting barley

Co-investors: The Australian Government's Agricultural Innovation Hubs Program

Malting barley market diversification

Description: AEGIC, with support from the Agricultural Trade and Market Access Cooperation (ATMAC) program, is diversifying malting barley markets by engaging with Vietnam, India, Brazil, Colombia, Ecuador, Mexico, Peru and South Africa. Regular engagement with maltsters, brewers and government agencies in these regions, as well as in China, Vietnam and India, is underpinned through technical webinars and finding opportunities to present in-market.

Value: End-users of Australian barley key markets better understand Australian barley varieties and maximise value. Australian barley varieties meet barley quality preferences and become the preferred choice of end-users. New barley market opportunities are identified and developed.

Co-investors: the Australian Government through the Agricultural Trade and Market Access Cooperation (ATMAC) program

Continuing to build market opportunities for Australian malting barley

Description: This project provides continuing two way technical extension and ongoing information change between the Australian malting barley industry and barley stakeholders in export markets. Priority will be given to malting barley markets in Mexico, Colombia, Vietnam, India, Brazil, South Africa and China.

Value: International customers better understand the characteristics and benefits of using Australian barley and this influences their buying decisions. Industry stakeholders are more likely to pursue new opportunities in these markets by accessing in-market contacts and networks developed through this project. The Australian barley industry is well positioned to re-enter the Chinese barley market once tariffs are removed.

New demand for Australian barley in the expanding feed markets of South East Asia

Description: This project aims to generate demand for Australian OAT other Australian grains including wheat and sorghum in feed markets in South East Asia. Investment is provided by the Agricultural Trade and Market Access Cooperation (ATMAC) Program through Grains Australia. Leading Australian animal nutrition experts help build technical capability and product knowledge around the optimal use of Australian barley in feed rations for different livestock in each country to develop and grow market opportunities.

Value: End-users of feed barley in target countries better understand how to extract full value from Australian barley and other grains when used in various livestock rations and are more likely to purchase Australian feed grains.

- Snapshot
- Supporting industry
- Supporting customers
- Noodles
- Baked goods
- Healthy grains
- Malting barley
- Animal feed
- Market insights
- LA Judge Award
- Commercial services
- Our people
- Financial report

Best current and future market opportunities for Australian grains using pulses as a pilot

Description: Coordinated by Grains Australia, this project built a sophisticated, forward-looking understanding of key pulse markets that allows Australian grains industry value chain participants to identify and make informed decisions on current and future market opportunities.

Value: The Australian grains industry better understands key pulse markets to increasingly export pulses into best value markets. The analytical tools underpinning this pilot project can be successfully used for other grains. Market indices to identify future wheat and barley market opportunities

Co-investors: the Australian Government through the Agricultural Trade and Market Access Cooperation (ATMAC) program; the Grains Research and Development Corporation (GRDC)

Oats

Growing opportunities for Western Australian oats

Description: With investment from DPIRD, AEGIC developed oat “rice” and oat noodle products to help move oats beyond the breakfast table, becoming an option for lunch, dinner, and snacks.

Value: Increased demand for Australian oats which better meet market quality requirements. The Australian oats industry better understands future oat export markets, market quality requirements and oat quality functionality.

Co-investors: The Department of Primary Industries and Regional Development (DPIRD); InterGrain

An economic lens to capture oat market value through industry innovation and better targeted industry investment.

Description: AEGIC will support the Processed Oat Partnership through the provision of market information and other services. We will develop current and forward-looking oat market information to help guide the POP and industry stakeholders.

Value: Australian stakeholders better understand current and future market opportunities for raw and processed oats.

Co-investor: The Department of Primary Industries and Regional Development (DPIRD) through the Processed Oat Partnership (POP)

Pulses

Transitioning Australian pulses into protein-based food industries

Description: In this collaborative research project, funded under the Global Innovation Linkages Program, AEGIC will establish and operate a pilot scale pulse protein processing plant in Sydney for the production and supply of a range of pulse protein ingredients. Pulse protein ingredients will be evaluated for nutritional composition, protein functionality, protein quality, rheology, sensory and shelf-life attributes. Work will focus on optimising process and design technology to ensure protein ingredients achieve suitable product texture and quality attributes (flavour, mouthfeel, industrial manufacturing requirements and consumer preference).

Value: Optimised and refined dry and hybrid processing methods are developed for the efficient production of protein concentrates from major Australian pulses. A suite of pulse protein ingredients are produced to support product development, which increases demand for Australian pulses.

Co-investors: Global Innovation Linkages Program, Grains Research and Development Corporation (GRDC)

AEGIC partners and collaborators

Domestic industry partners

ADM
Adelaide Uni
ACE Livestock Consulting
Ag+ Consulting
Ag Scientia
Agrifutures
Allied Pinnacle
Australian Bakels
Australian Crop Forecasters
Australian Crop Breeders
Australian Grain Technologies (AGT)
Australian Oilseeds Federation (AOF)
The Australian Government through the Agricultural Trade and Mark Access Corporation (ATMAC) program
Australian Technical Millers Association (ATMA)
Australian Trade and Investment Commission (Austrade)
Austgrains
Barrett Burston Malting
Cargill
Capacity Ag+
CBH Group
CHS Broadbent
Department of Primary Industries and Regional Development (DPIRD)
Department of Foreign Affairs and Trade (DFAT)
Farmanco-Aglytica
Global Innovation Linkages Program
Grains Industry of Western Australia (GIWA)
Grain Producers Australia (GPA)
Grain Producers South Australia (GPSA)
Grain Trade Australia (GTA)
GrainCorp
GrainGrowers
Grains Australia
Grains Research and Development Corporation (GRDC)

Corporation (GRDC)
Grower Group Alliance (GGA)
Intergrain
Integral Nutrition
James Cook University
Lesaffre Australia Pacific
LongReach Plant Breeders
Malteurop
Manildra Group
MAURI
National Baking Industry Association (NBIA)
Processed Oat Partnership (POP)
Puratos Australia & New Zealand
Rabobank
RAGT Australia
Riordan Grains
Robinson Grain
Roquette
SeedNet
SECOBRA Recherches
South Australian Grains Industry Trust (SAGIT)
South Australian Research and Development Institute (SARDI)
South-West WA Drought Resilience Adoption and Innovation Hub (SW WA Hub)
Tip Top
TrialCo
University of Sydney
University of Queensland
University of Western Australia
Vanrooy Machinery
Woolworths
Yellow Grain
Viterra
Department of Jobs, Tourism, Science and Innovation – Investment and trade

International industry partners

AB InBev, Peru
Austrade India
Austrade Indonesia
Austrade Brazil
Austrade Peru & Bolivia
Austrade Thailand
Austrade Philippines
Austrade Vietnam
Austrade South Korea
Austrade South Africa
Austrade Mexico
BakeTran, UK
Bogasari, Indonesia
Caliber, UK
Cerestar, Indonesia
Chopin Technologies, France
DAESUN Flour Mills (South Korea)
Department of Foreign Affairs and Trade (DFAT) – Brazil, Ecuador, Peru
Department of Foreign Affairs and Trade (DFAT) – China
Department of Foreign Affairs and Trade (DFAT) – Ethiopia
Department of Foreign Affairs and Trade (DFAT) – India
Department of Foreign Affairs and Trade (DFAT) – Indonesia
Department of Foreign Affairs and Trade (DFAT) – Mexico
Department of Foreign Affairs and Trade (DFAT) – Vietnam
Department of Foreign Affairs and Trade (DFAT) – Thailand
Department of Agriculture Fisheries and Forestry (DAFF) Chile, Brazil, Peru Ecuador
Department of Agriculture Fisheries and Forestry (DAFF) Mexico and Colombia
Department of Agriculture Fisheries and Forestry (DAFF) India
Department of Agriculture Fisheries and Forestry (DAFF) Vietnam
Department of Agriculture Fisheries and Forestry (DAFF) Indonesia

Department of Agriculture Fisheries and Forestry (DAFF) China
Department of Agriculture Fisheries and Forestry (DAFF) Thailand
Department of Agriculture Fisheries and Forestry (DAFF) South Korea
Eastern Pearl, Indonesia
FeedGuys
Filipino-Chinese Bakery Association, Philippines
Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA)
Indonesian Flour Mills Association (APTINDO)
International Technical Millers Association (IAOM)
IPB University, Indonesia
Japan Flour Millers Association (JFMA)
Katalis
Korea Flour Mills Industrial Association (KOFMIA)
Liberty Bakery, Philippines
Madura University, Indonesia
Mayora, Indonesia
Ministry of Agriculture, Forestry and Fisheries (MAFF), Japan
Nippn Flour Mills, Japan
Nisshin Flour Mills, Japan
Pilmico Foods, Philippines
Pundi Kenchana, Indonesia
San Miguel, Philippines
Shaanxi Normal University, China
SPC Samlip, South Korea
SriBoga, Indonesia
Stabel Micro Systems (SMS), UK
Texture Technologies, US
Tien Hung, Vietnam
VimafLOUR, Vietnam
Intermalt, Vietnam
Vina Food, Vietnam

Financial statements

Member commitments and other funding

- AEGIC completed the implementation of the alignment with Grains Australia on 30 August 2023. Grains Australia effectively replaced Grains Research and Development Corporation as the 50% funding member and is now a party to the AEGIC Members' Agreement, dated on or around 30 August 2023.
- AEGIC has core funding secured to 2026 with our two Members – the Western Australian Government and Grains Australia. Under the Members' Agreement, each of the Members will contribute \$3m each per year for 4 years until June 2026.
- The WA government allocated an addition \$1m in 2022-23 to fund specific projects that will benefit Western Australian growers.
- During the year, additional funds have been secured from the federal government under three programs:
 - Agricultural Trade and Market Access Cooperation Program;
 - Agricultural Innovation Hubs Program; and
 - Global Innovation Linkages Program Round 3.

Funds have also been secured from the South Australian Grains Industry Trust and Intergrain.

Contribution in winding up

The company is incorporated under the Corporations Act 2001 and is a public company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting the outstanding obligations of the entities. As at 30 June 2023, the total amount that the members of the company are liable to contribute if the company is wound up is \$20.

Directors' meetings

Seven (7) Board meetings were held during the year with non-executive Directors attending every meeting at which they were entitled to be present. The CEO or interim CEO has attended 5 of the board meetings.

Indemnifying Officers or Auditor

The Company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

No premiums were paid to indemnify auditors of the company.

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the Corporations Act 2001 is included on page 48 of the financial report.

DocuSigned by:

Ronald Storey

A65906E136BB415...

Ron Storey

Chair

DocuSigned by:

Matthew Macfarlane

36331C109CF24F5...

Matthew Macfarlane

Director

Signed on this day 8th day of September 2023

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Members Contributions	2	6,000,000	6,000,000
Other Revenue	3	4,408,922	3,473,510
Total Revenue		10,408,922	9,473,510
Expenses			
Accounting & Audit	5	32,217	27,995
Advertising & Marketing		68,805	49,994
Board, Governance & Legal Fees		423,915	374,822
Building Occupancy Costs		276,587	266,798
Consultants & Management Fees		814,662	722,523
Depreciation	9	254,174	249,490
Depreciation of Right-of-use Assets	12	765,261	710,084
Insurance		93,836	92,792
Interest on Lease Liability		181,326	30,205
IT & Telecom		279,065	300,574
Other Expenses		256,005	235,270
Project Costs & Client Services		593,703	496,351
Staff Costs	6	6,489,705	6,465,072
Travel & Entertainment		279,213	56,657
Total Expenses for the year	4	10,808,474	10,078,627
Current year Deficit before income tax		(399,552)	(605,117)
Income Tax Expense	1(c)	-	-
Net current year Deficit		(399,552)	(605,117)
Other comprehensive income for the year		-	-
Deficit Member Contributions Transferred to Equity		(399,552)	(605,117)

Statement of financial position as at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	7	2,493,774	3,103,760
Other Financial Assets	8	366,665	364,990
Trade and other receivables	8	748,395	862,755
Total Current Assets		3,608,834	4,331,505
<i>Non-Current Assets</i>			
Property, plant, and equipment	9	1,639,218	1,351,783
Right of use asset	12	1,249,470	-
Total Non-Current Assets		2,888,688	1,351,783
Total Assets		6,497,522	5,683,288
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	10	1,163,797	1,191,935
Unearned Revenue	10	748,423	822,091
Lease Liability	12	786,302	-
Provisions	11	855,994	852,538
Total Current Liabilities		3,554,516	2,866,564
<i>Non-Current Liabilities</i>			
Lease liability	12	525,834	-
Total Non-Current Liabilities		525,834	-
Total Liabilities		4,080,350	2,866,564
Net Assets		2,417,172	2,816,724
Equity			
Retained Members surplus contributions	13	2,417,172	2,816,724
Total Equity		2,417,172	2,816,724

Statement of changes in equity for the year ended 30 June 2023

	Retained Surplus \$
Balance at 30 June 2021	3,421,841
<i>Comprehensive Income</i>	
Deficit for the year attributable to members of the entity	(605,117)
Other comprehensive income for the year	-
Total comprehensive profit / (loss) attributable to members of the entity	(605,117)
Balance at 30 June 2022	2,816,724
Comprehensive Income	
Surplus for the year attributable to members of the entity	(399,552)
Other comprehensive income for the year	-
Total comprehensive profit / (loss) attributable to members of the entity	(399,552)
Balance at 30 June 2023	2,417,172

Statement of cash flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<i>Cash Flows from Operating Activities</i>			
Member contributions (in cash)		6,600,000	6,600,000
Payments to suppliers and employees		(10,139,180)	(9,810,273)
Proceeds from operations		4,146,557	4,080,783
Net cash provided by operating activities		607,377	870,510
<i>Cash Flows from Investing Activities</i>			
Interest received		26,839	2,686
Payments for property, plant, and equipment	9	(541,609)	(371,747)
Payments for rental deposits		-	-
Repayment of rental deposits		-	-
Net cash (used in) investing activities		(514,770)	(369,061)
<i>Cash Flows from Financing Activities</i>			
Repayment of lease liabilities	12	(702,593)	(785,321)
Net cash (used in) financing activities		(702,593)	(785,321)
<i>Net decrease in cash held</i>			
Cash at beginning of financial year		3,103,760	3,387,632
Cash at end of financial year	7	2,493,774	3,103,760
Net decrease in cash held		(609,986)	(283,872)

Notes to the financial statements for the year ended 30 June 2023

1 Statement of Significant Accounting Policies

The financial statements are general purpose financial statements prepared under AASB1060 Simplified Disclosures for for-profit and not-for-profit Tier 2 Entities and have been prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards and Interpretation.

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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statements were approved and issued by the directors on the date of signing this report. The directors have the power to amend and reissue the financial report.

(a) Reporting Period

The financial statements are for the reporting period 1 July 2022 to 30 June 2023.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted and /or reclassified, if any, to conform to changes in presentation for the current financial year.

(c) Income Tax & Payroll Tax

No provision for income tax has been raised as the Company has received a private ruling from the Australian Taxation Office, valid until 30 June 2030, confirming that AEGIC is exempt from income tax under section Item 1.3 of section 50-5 of the Income Tax Assessment Act 1997.

In June 2022 AEGIC received a determination from Revenue WA whereby the entity is no longer entitled to a charitable exemption and therefore it is liable for payroll tax starting from 1 July 2020. The amount accrued for the financial years 2021 and 2022 totalled \$338,448. \$185,905 of payroll tax for 2023 has been paid during the year.

AEGIC applied to the Minister for Finance in FY23, seeking beneficial body status. If the application was successful, AEGIC would be exempt from payroll tax. This application was not successful.

Going Concern

This report has been prepared on a going concern basis. The going concern basis assumes continuity of operations in the ordinary course of business. Unless there is an earlier significant material adverse event, the Board believe there to be no need to change this basis of preparation prior to the 2022- 2023 financial year. The ability of AEGIC to continue as a going concern is dependent on funding from WAAA and GRDC and generating cashflows from operations. The company has secured funding for the next 3 years.

(d) Revenue Recognition

Revenue is recognised in accordance with AASB 15. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The five-step process outlined in AASB 15 are as follows:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

(e) Revenue policy

Government grants

Government grants are recognised in profit or loss to match the expenses that they finance. Because no repayment is expected, such grants are recognised when received.

Provision of services

Revenue from the provision of services is recognised as the distinct performance obligations under the contract. This is normally when the services have been performed to the satisfaction of the customer.

(c) Plant and Equipment

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

(g) Depreciation

The depreciation rates applied to each class of depreciable assets are the rates of depreciation allowed by the Australian Taxation Office as a deductible expense for a taxable company. These rates have been adopted on a straight-line basis (computers 3 years, plant and equipment 10 years, software 2 years).

(h) Leases

The Company has access to office, laboratory, and storage space at the DPIRD South Perth site. This is leased with the Members' Agreement. The Board have determined that the license agreement constitutes a lease. The company also leases premises in Sydney, located at 1 Rivett Rd, North Ryde.

At inception of a contract, the AEGIC assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by AEGIC. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease or where this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments under extension options if AEGIC is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the remaining term of the lease, limited to the period of the current members' interim funding agreement to 30 June 2026.

(i) Employee Entitlements

Statutory superannuation contributions are made by the Company to a complying fund of the employee's choice. If no choice is made the Company contributes the statutory superannuation contribution amount into a superannuation investment account in the employee's name with a complying industry superannuation fund, the "default fund".

Provision is made for the Company's liability to the reporting date for employee entitlements arising from services rendered by employees. The Company has adopted the national workplace relations system (Fair Work Australia – National Employment Standards [NES]) for its Long Services Leave policy and expense will be brought to account when the employee reaches seven years of continuous service.

(j) Accounts Payable and Other Payables

Accounts payables and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Economic Dependency

Australian Export Grains Innovation Centre Ltd is dependent on its Members for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Members will not continue to support Australian Export Grains Innovation Centre Ltd.

(l) Directors Remuneration

The number of Directors whose remuneration as Directors fell within the following bands for 2022 – 2023 are:

	2023	2022
Nil – \$40,000	3	3
\$40,001 – \$122,000	1	1

As required by the Members' Agreement the Company, through Deeds of Indemnity, Insurance and Access has indemnified all Directors for any liabilities incurred as a Director, other than liabilities to the Company or a related body corporate, or liabilities arising out of conduct involving lack of good faith. A Directors' and Officers' insurance policy is maintained.

(m) Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(n) Member Contributions

Member contributions are accounted for on a cash basis. There were no in-kind contributions made by members for the year.

2 Member's Contributions

(a) Summary of Member contributions	2023 \$	2022 \$
GRDC – Cash	3,000,000	3,000,000
Department of Primary Industries and Regional Development (DPIRD) – Cash	3,000,000	3,000,000
Total Members Contributions	6,000,000	6,000,000

b) Statement of member contributions including DPIRD actual in-kind contribution

	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$
<i>Actual</i>						
GRDC	3,000,000	2,500,000	2,000,000	3,000,000	3,000,000	3,000,000
DPIRD (cash)	3,000,000	2,500,000	2,000,000	3,000,000	3,000,000	3,000,000
DPIRD (in-kind)	–	–	–	–	–	–
Total	6,000,000	5,000,000	4,000,000	6,000,000	6,000,000	6,000,000
DPIRD budgeted in-kind	–	–	–	–	–	–
Variance	–	–	–	–	–	–
Cash received	–	–	–	–	–	–
Cumulative Balance	–	–	–	–	–	–

3 Other Revenue

	2023 \$	2022 \$
Project Income	2,629,415	1,810,365
Laboratory Services	1,641,257	1,569,353
Rental Income	13,643	12,889
Interest	26,839	2,686
Other Sundry Income	82,842	75,863
Recoupments	14,926	2,354
Total Other Income	4,408,922	3,473,510

4 Expenses

There is a moderate increase in activity in 2023 in line with an increase external grant funding, which has funded project operating expenses. COVID-19 travel restrictions have lifted yet the cost of travel remains high, and AEGIC is following a hybrid approach to engagement, combining virtual and face- to-face engagement with the market and stakeholders.

5 Auditor's Remuneration

Auditor's remuneration for auditing the 2022-2023 financial statements was \$28,000 (2021-2022:

\$25,500) which has been accrued in respect of 2022-2023. The auditors did not receive any other benefits or provide any other services.

6 Staff Costs

	2023 \$	2022 \$
Salaries and Wages	6,351,289	6,315,008
Training and Development	75,017	87,777
Health and Safety	34,343	37,284
Staff Amenities	27,254	22,913
Staff Recognition	1,802	2,090
Total Staff Costs	6,489,705	6,465,072

7 Cash and cash equivalents Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows:

	2023 \$	2022 \$
Cash on Hand	48	6
Cash on Call	2,390,290	3,000,576
Term Deposits	103,436	103,178
Other Cash Deposits	-	-
Total Cash and Cash Equivalents	2,493,774	3,103,760

8 Trade and other receivables

	2023 \$	2022 \$
Trade and other receivables		
Trade and other receivables	356,840	595,961
Prepayments	209,085	249,876
Other Assets	182,470	16,918
Total trade and other receivables	748,395	862,755
Other financial assets		
Bank Deposits	325,272	323,598
Bonds held for leases	41,393	41,392
Total other financial assets	366,665	364,990

All amounts are short-term. The net carrying amount is considered a reasonable approximation of fair value. At the reporting date, none of the trade receivables were past due or impaired.

As at the reporting date none of the trade and other receivables were past due or impaired. The Management has assessed the lifetime expected credit loss in accordance with the simplified approach set out in AASB 9: Financial Instruments. On the basis of this assessment, the lifetime expected credit loss as at 30 June 2023 is estimated to be nil.

9 Property, plant, and equipment

	2023 \$	2022 \$
Opening Balance	1,351,783	1,229,526
Additions	541,609	371,747
Less Provision for Depreciation	(254,174)	(249,490)
Net effect of Disposals	-	-
Total property, plant, and equipment	1,639,218	1,351,783

10 Trade and other payables

	2023 \$	2022 \$
Current Liabilities		
Trade Creditors	113,769	160,800
Net GST payable to the ATO	188,586	97,988
Accrued Expenses	785,966	882,521
Superannuation Payable	75,476	50,626
Total trade and other payables	1,163,797	1,191,935

	2023 \$	2022 \$
Unearned Revenue		
Unearned Revenue	748,423	822,091
Total Unearned Revenue	748,423	822,091

11 Provisions

	2023 \$	2022 \$
Current		
Provision for Annual Leave	307,787	356,766
Provision for Long Service Leave	548,207	495,772
Total provisions	855,994	852,538

12 Right of Use Assets

(i) Leased Building	2023 \$	2022 \$
Leased Building	4,144,985	2,130,254
Accumulated depreciation	(2,895,515)	(2,130,254)
Total Right of use asset	1,249,470	-

(ii) Right of use assets	2023 \$	2022 \$
Gross Carrying Amount		
Balance at 1 July	2,130,254	2,130,254
Additions	2,014,731	-
Disposals	-	-
Balance at 30 June	4,144,985	2,130,254
Depreciation and Impairment		
Balance at 1 July	(2,130,254)	(1,420,170)
Additions	(765,261)	(710,084)
Disposals	-	-
Balance at 30 June	(2,895,515)	(2,130,254)
Carrying Amount at 30 June	1,249,470	-

(iii) Lease Liabilities	2023 \$	2022 \$
Lease liabilities are presented in the statement of financial position as follows:		
Current	786,302	-
Non-current	525,834	-
Balance at 30 June	1,312,136	-

The Company has leases for the main office facilities located in Kensington in Western Australia and an office and operating facilities located in North Ryde in Sydney. These leases have been valued in accordance with AASB 16 Leases and are reflected in the statement of financial position as a right-of-use asset and lease liabilities.

AASB 16 related amount recognised in the statement of profit or loss:

	2023 \$	2022 \$
Depreciation charge related to Right of use Asset	765,261	710,084
Interest expense of Lease Liability	181,326	30,205

Total cash outflow for the year ended 30 June 2023 was \$702,593 (2022: \$785,324)

13 Equity

Clause 2.2 of the Company's Constitution states "If the Company is wound up each Member of the Company undertakes to contribute to the assets of the Company up to an amount not exceeding

\$10.00 per Member for payment of the debts and liabilities of the Company including the costs of the winding up. This undertaking continues for 1 year after a Member ceases to be a Member of the Company." The Company is holding a signed Guarantee of payment from each Member as evidence of their obligation in the event of the Company being wound up amounting to \$20.00.

The surplus in relation to unspent contributions received from Members in a given year can be utilized from year to year within new programs and is not distributable among Members.

14 Events After the Balance Sheet Date

On 30th August 2023, Alick Osborne resigned as the GRDC nominated Director, and Andrew Young was appointed as the Grains Australia nominated Director. AEGIC completed the implementation of their alignment with Grains Australia on 30 August 2023. Grains Australia effectively replaced Grains Research Development Corporation as the 50% funding member and is now a party to the AEGIC Members' Agreement, dated on or around 30 August 2023. There are no other significant events which, the Board of Directors are aware of that have occurred subsequent to the period ended 30 June 2023 until the date of signing this financial report.

15 Contingent liabilities and Commitments

As at 30 June 2023, the Company held two term deposits with the Commonwealth Bank of Australia (CBA) for a total amount of \$325,272 as security for the lease of the Sydney premises at North Ryde. The interest rate on the term deposit is 3.93% and the maturity date is 23rd August 2023. Other than this there are no other guarantees provided by the company.

The company does not have any contingencies or commitments in relation to capital expenditure as at balance date.

In June 2022 AEGIC received a determination from Revenue WA whereby the entity is no longer entitled to a charitable exemption and therefore it is liable for payroll tax starting from 1 July 2020. The amount accrued for the financial years 2021 and 2022 totalled \$338,448. \$189,905 of payroll tax for 2023 has been paid during the year.

AEGIC applied to the Minister for Finance in FY23, seeking beneficial body status. If the application was successful, AEGIC would be exempt from payroll tax. This application was not successful.

16 New and revised Accounting Standards and Interpretations adopted 1 July 2022

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

17 New and Amended Accounting Policies Not Yet Adopted by the Entity

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

18 Company Details

Australian Export Grains Innovation Centre Limited 3 Baron-Hay Court

South Perth 6151 Western Australia

Directors' declaration

The Australian Export Grains Innovation Centre Ltd (AEGIC) is a Company limited by guarantee, incorporated, and domiciled in Australia with the ABN 37 160 912 032.

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 9 to 23 present fairly the Company's financial position as at 30 June 2023 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

In the Directors' opinion there are reasonable grounds to believe that the Company 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.

DocuSigned by:
Ronald Storey
A65906E136BB415...

Ron Storey
Chair

DocuSigned by:
Matthew Macfarlane
36331C109CF24F5...

Matthew Macfarlane
Director

Signed on this day 8th day of September 2023



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN EXPORT GRAINS INNOVATION CENTRE LIMITED**

8 September 2023

Board of Directors
Australian Export Grains Innovation Centre Limited
3 Baron-Hay Court
South Perth WA 6151

Dear Directors

RE: AUSTRALIAN EXPORT GRAINS INNOVATION CENTRE LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Export Grains Innovation Centre Limited.

As Audit Director for the audit of the financial statements of Australian Export Grains Innovation Centre Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)**

**Eliya Mwale
Director**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Export Grains Innovation Centre Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of 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 Entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (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 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2023 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 opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of 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 Entity 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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 Entity'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 Entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Entity 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Eliya Mwale

Eliya Mwale
Director
West Perth, Western Australia
8 September 2023



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