Apollo Care Operations Pty Ltd

ACN 609 769 897

Consolidated Financial Statements

For the Year Ended 30 June 2024

Apollo Care Operations Pty Ltd

ACN 609 769 897

Contents

For the Year Ended 30 June 2024

Apollo Care Operations Pty Ltd

ACN 609 769 897

Directors' Report

30 June 2024

The directors present their report, together with the consolidated financial statements of the Group, being the Apollo Care Operations Pty Ltd (Company) and its controlled entities, for the financial year ended 30 June 2024.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

John Catherwood Young
Stephen John Becsi
Barry George Ashcroft
Terry W Williamson
Michelle Lillian McKay
Rodney Paul Young
Nicolas (aka Nick) Mersiades (appointed 12 October 2023)

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

Principal activities

The principal activities of the Group during the financial year were operating residential aged care homes, retirement villages and home and community care services in Queensland and New South Wales.

No significant change in the nature of these activities occurred during the year.

Operating results

The consolidated loss of the Group amounted to $ 3,420,606 (2023: restated loss of $ 32,303,645).

As disclosed in Note 4 to the financial statements, certain retrospective adjustments were made in relation to reclassification and restatements to comply with the provisions of *AASB132 Financial Instruments: Presentation* and accounting for share-based payment transactions.

Review of operations

A review of the operations of the Group during the financial year and the results of those operations show an increase in net assets and an improvement in profit this financial year due to the following:

As a consequence of Apollo Care' investments in the aged care properties and a concerted effort at marketing to prospective residents, both occupancy and RAD balances continued to improve throughout the year.

In October 2023 some significant revisions to the AN-ACC subsidies occurred, including the funding of a minimum of 200 care minutes for each resident and the care staff wage increases that had been implemented by the Government. The collective impact of these changes was mixed, because although the higher AN-ACC improved revenues, the 200 care minute obligation forced an increased use of agency (temporary) staff, which are much more costly. In response, Apollo Care intensified measures to recruit and train staff and as those measure have taken effect the level of agency staff usage has declined.

Apollo Care continued to improve the compliance profile of the homes. Like any other provider, we were subject to unannounced inspections by the Aged Care Quality and Safety Commission, but all homes passed these inspections and no noncompliance notices were issued through the year. Our Star Ratings published by the Department of Health on MyAgedCare have continued to improve.

The Group returned a deficit in net cash flows from operating activities of $3,127,984 (2023: $8,150,498 deficit).

Directors' Report

30 June 2024

Significant changes in state of affairs

Further to the matters above, the following significant changes in the state of affairs of the parent entity occurred during the financial year:

1. Nanyima Aged Care was acquired on 01 October 2023, including a 50 bed residential aged care home, land lease arrangement community housing, staff residence and workshop. The vendor was Nanyima Operations Limited and net acquisition price was $1.2m.

2. Yackandandah Health Centre, including an 84 bed residential aged care home, 10 independent living units, medical centre and early learning centre was acquired on 29 September 2023. The vendor was Yackandandah Health Centre Limited and net acquisition price was $2.5m.

3. On 28 November 2023, the Group entered into Asset Sale Agreement and Land Sale Contract with Tenterfield Care Centre Limited (Seller) for the purchase of entire controlling interest of the Assets and Business Operations of the Tenterfield facilities for a consideration of $1.

4. On 1 June 2024, the Group entered into Asset Sale Agreement and Land Sale Contract with The Bays Healthcare Group (Seller) for the purchase of the entire controlling interest of the Assets and Business Operations of The Bays facilities for a consideration of $5,966,461.

Events after the reporting date

On the 4 July 2024, the Company entered into an agreement with Bank of Queensland for the establishment of several financing facilities. These facilities comprised:

- An $8m RAD liquidity loan which could be used for the repayment of Refundable Accommodation Deposits (RADs); and

- A Commercial Rate Loan facility for $10m for the use of refurbishment of Aged Care Facilities.

These facilities are secured by mortgages over a various of properties and guarantees from controlled entities and have a three-year term from the date of drawdown. At the date of this report, no drawdowns have been made against these facilities.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Company secretary

Erin McMullen holds the position of Group Company Secretary. Erin has over 14 years' experience in company secretarial roles for various publicly listed, unlisted and not for profit entities.

Directors' Report

30 June 2024

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit and Risk Committee		Care Quality Advisory Board		Community Advisory Board	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Catherwood Young	8	8	-	-	-	-	-	-
Stephen John Becsi	8	8	6	5	-	-	5	5
Barry George Ashcroft	8	7	6	5	-	-	5	2
Terry W Williamson	8	8	6	6	-	-	-	-
Michelle Lillian McKay	8	7	-	-	3	3	-	-
Rodney Paul Young	8	8	-	-	-	-	5	5
Nicolas (aka Nick) Mersiades	6	6	-	-	-	-	-	-

Indemnification and insurance of officers and auditors

During the year, Apollo Care Operations Pty Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except of the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2024 has been received and can be found on page 4 of the consolidated financial report.

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

Director: ....
John Catherwood Young

Director: ....
Stephen John Becsi

Dated 31 October 2024

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839
755 Hunter Street, Newcastle West NSW 2302
Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245
Sydney T: +61 2 8346 6000 F: +61 2 8346 6099
info@pkf.com.au
www.pkf.com.au

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Apollo Care Operations Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

KYM REILLY
PARTNER

31 OCTOBER 2024
SYDNEY, NSW

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $	*Restated 2023 $
Revenue	5	**94,131,435**	50,614,076
Other income	5	**5,701,900**	1,618,226
Finance income		**221,562**	95
Employee benefits expense		**(58,586,545)**	(40,249,442)
Depreciation and amortisation expense		**(4,521,235)**	(1,736,901)
Reversal/(loss) on impairment of fixed assets		**3,879,974**	(4,090,275)
Impairment losses on receivables		**(76,921)**	(129,747)
Marketing expenses		**(1,037,620)**	(821,517)
Loss on disposal of assets		**-**	(375,197)
Finance expenses		**(825,700)**	(424,885)
Administrative expenses		**(40,732,158)**	(16,805,111)
Management fees		**(2,200,000)**	(943,196)
Net loss from operating activities attributable to shareholders		**(4,045,308)**	(13,343,874)
Other non-operating gains/(losses)			
Net gain on acquisition	20	**23,097,311**	3,873,486
Net change in fair value of investment property	10	**-**	6,599,612
Capital gains paid to residents		**(1,173,900)**	(1,824,933)
Turnaround and system setup cost		**(1,030,221)**	(3,381,075)
Acquisition and formation costs		**(2,149,827)**	(1,274,464)
Restructuring costs		**-**	(37,051)
Share based payment expense	29	**(3,071,045)**	(3,814,743)
		15,672,318	140,832
Net profit/(loss) before tax from operating activities attributable to shareholders		**11,627,010**	(13,203,042)
Income tax credit/(expense)	6	**307,610**	(26,863)
Total profit/(loss) after income tax expense attributable to shareholders		**11,934,620**	(13,229,905)
Fair value movements with Class I & O shareholders	17	**(15,355,226)**	(19,073,740)
Total loss after income tax expense attributable to ordinary shareholders		**(3,420,606)**	(32,303,645)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings	11	**3,904,327**	33,301,553
Total comprehensive income for the year		**483,721**	997,908
Total comprehensive income attributable to ordinary shareholders		**483,721**	**997,908**

** Refer to note 4 for details on prior period restatement.*

Consolidated Statement of Financial Position

As At 30 June 2024

	Note	2024 $	Restated 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**20,097,878**	6,765,540
Trade and other receivables	8	**3,769,021**	2,342,169
Other assets	9	**1,251,714**	984,522
TOTAL CURRENT ASSETS		**25,118,613**	10,092,231
NON-CURRENT ASSETS			
Property, plant and equipment	11	**180,232,135**	98,930,649
Investments properties	10	**38,683,843**	38,127,000
Investment		**1,565**	-
Deferred tax assets	22	**549,354**	213,758
Intangible assets		**112,488**	112,488
Right-of-use assets		**165,042**	212,059
TOTAL NON-CURRENT ASSETS		**219,744,427**	137,595,954
TOTAL ASSETS		**244,863,040**	147,688,185
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**8,583,233**	3,218,727
Borrowings	13	**73,253**	5,058,297
Refundable accommodation deposits, bonds and ingoing contributions	14	**152,586,205**	77,728,557
Lease liabilities		**55,739**	49,570
Employee benefits	16	**7,766,600**	3,455,390
Deferred revenue		**860,222**	630,754
Other liabilities	15	**-**	3,324,598
Total current liabilities excluding net assets attributable to Class I & O Shareholders		**169,925,252**	93,465,893
NON-CURRENT LIABILITIES			
Deferred tax liabilities	22	**70,184**	42,198
Lease liabilities		**131,466**	183,851
Employee benefits	16	**837,959**	808,056
Total non-current liabilities excluding net assets attributable to Class I & O shareholders		**1,039,609**	1,034,105
Total liabilities excluding net assets attributable to shareholders		**170,964,861**	94,499,998
Net assets attributable to shareholders		**73,898,179**	53,188,187
Liabilities attributable to Class I & O shareholders	17	**60,518,497**	43,363,271
Net assets attributable to ordinary shareholders		**13,379,682**	9,824,916

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As At 30 June 2024

	Note	2024 $	Restated 2023 $
EQUITY			
Issued capital	18	**301**	**301**
Share based payment reserve	19	**8,449,321**	**5,378,276**
Asset revaluation reserve	19	**37,205,860**	**33,301,533**
Accumulated losses		**(32,275,800)**	**(28,855,194)**
TOTAL EQUITY		**13,379,682**	**9,824,916**

** Refer to note 4 for details on prior period restatement.*

Consolidated Statement of Changes in Net Assets

For the Year Ended 30 June 2024

2024		Ordinary Share Capital - Equity	Class I & O Share Capital - Liability	Share Based Payment Reserve	Asset Revaluation Reserve	Accumulated losses	Total
		$	$	$	$	$	$
Balance at 1 July 2023		**301**	**43,363,271**	**5,378,276**	**33,301,533**	**(28,855,194)**	**53,188,187**
Loss for the year		-	-	-	-	**(3,420,606)**	**(3,420,606)**
Transactions with owners in their capacity as owners							
Revaluation of land and buildings	11	-	-	-	**3,904,327**	-	**3,904,327**
Issue of I and O class shares	17	-	**1,800,000**	-	-	-	**1,800,000**
Revaluation of I and O class shares	17	-	**15,355,226**	-	-	-	**15,355,226**
Employee shares issued	29	-	-	**3,071,045**	-	-	**3,071,045**
Balance at 30 June 2024		**301**	**60,518,497**	**8,449,321**	**37,205,860**	**(32,275,800)**	**73,898,179**

2023							
Balance at 1 July 2022		8,047,267	-	-	-	13,416,895	21,464,162
Prior period adjustments	4	(8,046,966)	16,451,877	1,563,533	-	(9,968,444)	-
Restated opening balance 1 July 2022		301	16,451,877	1,563,533	-	3,448,451	21,464,162
Loss for the year		-	-	-	-	(32,303,645)	(32,303,645)
Transactions with owners in their capacity as owners							
Revaluation of land and buildings	11	-	-	-	33,301,533	-	33,301,533
Issue of I and O class shares	17	-	7,837,654	-	-	-	7,837,654
Revaluation of I and O class shares	17	-	19,073,740	-	-	-	19,073,740
Employee shares issued	29	-	-	3,814,743	-	-	3,814,743
Balance at 30 June 2023		301	43,363,271	5,378,276	33,301,533	(28,855,194)	53,188,187

** Refer to note 4 for details on prior period restatement*.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**89,555,234**	55,377,945
Payments to suppliers and employees		**(92,089,680)**	(63,040,938)
Interest received		**221,562**	-
Interest paid		**(815,100)**	(487,505)
Net cash used in operating activities		**(3,127,984)**	(8,150,498)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**3,448**	3,141,382
Payment for purchase of property, plant and equipment		**(7,911,516)**	(4,092,186)
Net (payment)/receipt from acquisitions		**18,360,781**	(3,250,000)
Net payment of deferred considerations		**(1,862,844)**	(2,343,687)
Net cash provided by/(used in) investing activities		**8,589,869**	(6,544,491)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**-**	610,000
Net proceeds/(repayment) from borrowings		**(5,822,544)**	5,013,223
Repayment of lease liabilities		**(67,233)**	(46,960)
Net refundable accommodation deposits received		**13,760,229**	10,817,242
Net cash provided by financing activities		**7,870,453**	16,393,505
Net increase in cash and cash equivalents held		**13,332,338**	1,698,516
Cash and cash equivalents at beginning of year		**6,765,540**	5,067,024
Cash and cash equivalents at end of financial year	7	**20,097,878**	6,765,540

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

The consolidated financial report covers Apollo Care Operations Pty Ltd and its controlled entities ('the Group'). Apollo Care Operations Pty Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 31 October 2024.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Material accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Material Accounting Policy Information

(a) Going concern

The financial report has been prepared on a going concern basis which assumes that the Group will be able to meet its obligations as and when they fall due. The Group's current liabilities exceed current assets by $144,807,000 as at 30 June 2024 (2023: $83,374,000) resulting in a net deficiency of current assets. This mainly arises because of the requirement to classify Refundable Accommodation Deposits ("RADs"), Bonds, and Ingoing Contributions of $152,586,000 (2023: $77,729,000) as current liabilities.

RADs, Bonds and Ingoing Contributions are classified as a current liability as the Group does not have an unconditional right to defer settlement of any specific RADs, Bonds and Ingoing Contributions for at least twelve months after the reporting date. The Directors believe that based on historical experience, no more than 10% of resident liabilities will mature in any one year that are not replaced by new RADs.

On the 4th July 2024, the Company entered into an agreement with Bank of Queensland for the establishment of several financing facilities. These facilities comprised:

- An $8m RAD liquidity loan which could be used for the repayment of Refundable Accommodation Deposits (RADs); and
- A Commercial Rate Loan facility for $10m for the use of refurbishment of Aged Care Facilities.

At the date of this report, no drawdowns have been made against these facilities.

Recognising the transition costs that are required following the acquisitions of the residential aged care facilities, additional capital was raised during the 2024 financial year. Further capital raisings are planned in the 2025 financial year, consistent with current and proposed acquisitions.

The 2025 financial year operational budgets incorporate the turnaround projects in place, including bed increases from refurbishment projects; occupancy and AN-ACC uplifts, and staffing optimisation, and show improving performance across the group during the 2025 financial year.

The Directors believe that the Group will be successful in generating the above outcomes and, accordingly, have prepared financial report on a going concern basis.

2 Material Accounting Policy Information (cont'd)

(b) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 23 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on acquisition may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain on acquisition recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

2 Material Accounting Policy Information (cont'd)

(d) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Aged care income

Aged care income comprises fees for basic and additional aged care services, daily accommodation fees and subsidies from the government determined in accordance with Federal government authorised rates. The revenue is recognised as the services are provided and at an amount the Group will be entitled to receive in relation to providing the service.

Fees for retirement village operations

The Group earns a monthly recurring service fee from each resident during their tenure, which is determined by the individual resident contract, Revenue is recognised when it is received or when the right to receive payment is established.

Deferred management fees – retirement village

During a resident’s tenure, the Group earns a Deferred Management Fee (DMF) which is calculated based on the individual resident contract (DMF contract). There are contractual arrangements that provide a DMF that is earned at various rates. The revenue is recognised over the expected tenure of the resident, which management expects to be for a period of seven years, or upon departure if earlier.

2 Material Accounting Policy Information (cont'd)

(d) Revenue and other income (cont'd)

Specific revenue streams (cont'd)

Rental income

Rental income comprises fees from residential units. The revenue is recognised as the services are provided and at an amount the Group will be entitled to receive in relation to providing the service.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(e) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

2 Material Accounting Policy Information (cont'd)

(f) Property, plant and equipment

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Freehold Land	NIL
Buildings	2.5%
Plant and Equipment	7.7% - 20.0%
Furniture, Fixtures and Fittings	5.0% - 20.0%
Motor Vehicles	12.5% - 20.0%
Computer Equipment	7.7% to 33.3%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Investment property

Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the consolidated statement of profit or loss and other comprehensive income as other income/expenses.

(h) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

2 Material Accounting Policy Information (cont'd)

(h) Financial instruments (cont'd)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

2 Material Accounting Policy Information (cont'd)

(h) Financial instruments (cont'd)

Financial assets (cont'd)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due, recognising timing of when probate is received on resident commitments.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise derivative financial liabilities, trade payables, bank and other loans and lease liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Material Accounting Policy Information (cont'd)

(i) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Equity-settled compensation

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The grant-date fair value of equity-settled share-based payment arrangements is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

2 Material Accounting Policy Information (cont'd)

(l) Refundable accommodation deposits (RADs), bonds, and ingoing contributions

RADs/accommodation bonds are non-interest bearing deposits made by aged care residents to the Group upon admission. These deposits are liabilities which fall due and payable when the resident leaves the facility. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997.

Ingoing contribution amounts equal to the value of the unit in exchange for a lease to live in the unit and have access to community facilities. The loan is recorded as a resident obligation liability and is non-interest bearing and recognised at fair value. The fair value of the resident obligations is the amount payable on demand to residents and comprises the initial loan amount less the Deferred Management Fees earned to date.

(m) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2024, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(n) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of land and building in business combinations

Identifiable assets and liabilities acquired through a business combination are recognised in the consolidated financial statements at fair value at the acquisition date. In some situations, where significant compliance and operational issues are present, land and buildings are acquired at a discount and below the rate of exchange between ordinary market participants.

Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Critical Accounting Estimates and Judgments (cont'd)

Key estimates - fair value of land and building in business combinations (cont'd)

The fair value of land acquired has been determined by recent Valuer General valuations.

The Directors have determined valuations of relevant properties, after considering valuations by independent and qualified registered Valuers.

Key estimates - provisions

As described in the accounting policies, provisions (including employee benefits) are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - fair value of land and buildings under property, plant and equipment

The revaluation model is applied to all land and buildings classified under property, plant and equipment which comprised of residential aged care facilities. The directors determine fair value of these properties by referencing valuations performed by independent and qualified registered Valuers. These valuations are based on projected cash flows using rate per funded bed and current available market data for similar facilities. These properties were independently valued during the 2024 financial year. The directors aim to perform these valuations every three (3) financial years or earlier as required. Refer Note 24 for fair value measurement approach.

Key estimates - fair value of investment properties

The fair value model is applied to all investment properties which comprised of operating retirement villages and NRAS homes. The directors determine fair value investment properties by referencing valuations performed by independent and qualified appraisers. These valuations are based on projected cash flows using current resident contracts and current available market data for similar retirement units and properties. These properties were last independently valued during the financial year between December 2022 and May 2023. The directors aim to perform these valuations every three (3) financial years or earlier as required.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - business combinations

Provisional accounting
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the year the combination occurred and may have an impact on the assets and liabilities reported.

Key estimates - Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the directors taking into account the terms and conditions upon which the instruments were granted. The share-based payments reserve is used to recognise the grant date fair value of instruments issued.

Notes to the Financial Statements

For the Year Ended 30 June 2024

4 Retrospective Restatement

Liabilities at fair value through profit or loss

In the previous financial period, the Class I and O Shares amount of $15,884,620 (2022: $8,046,966) had been presented as equity in the Statement of Financial Position. However, the Class I and O Shares are entitled to a variable number of Ordinary Shares on conversion during a liquidity event as disclosed Note 17. The provisions of *AASB132 Financial Instruments: Presentation* requires that these Shares be classified as liabilities, so a reclassification has been made for statutory reporting purposes.

This amount had been restated and presented as liabilities measured at fair value in accordance with the accounting policy under Note 2(h). The restatement resulted in the recognition of change in fair value of the liabilities through profit or loss for the period of $19,073,740 (2022: $8,404,904).

Share-based payments

The effect of the Managers' performance fee represented by the fair value of Class M shares as outlined in further detail in Note 29 which is payable under certain circumstances in Ordinary shares was not recognised in the financial statements of prior periods. A restatement of share-based payments expense amounting to $3,814,743 (2022: $1,563,533) has been made in the Consolidated Statement of Profit or Loss to recognise the fair value of Class M shares issued and $5,378,276 (2022: $1,563,533) has been recognised as a reserve in the Consolidated Statement of Changes in Net Assets. The restatement resulted in a decrease of profit or loss for the period by the expense amount.

The aggregate effect of the error on the annual financial statements for the year ended 30 June 2024 is as follows:

	30 June 2023			1 July 2022		
	Previously stated	**Adjustments**	**Restated**	**Previously stated**	**Adjustments**	**Restated**
	$	**$**	**$**	**$**	**$**	**$**
Consolidated Statement of Profit or Loss and Other Comprehensive Income						
Share based payment expense	-	(3,814,743)	(3,814,743)	-	(1,563,533)	(1,563,533)
Total profit/(loss) after income tax expense attributable to shareholders	(9,415,162)	(3,814,743)	(13,299,905)	2,817,083	(1,563,533)	1,253,550
Fair value movements with Class I & O shareholders	-	(19,073,740)	(19,073,740)	-	(8,404,904)	(8,404,904)
Total profit/(loss) after income tax expense attributable to ordinary shareholders	**(9,415,162)**	**(22,888,483)**	**(32,303,645)**	**2,817,083**	**(9,968,437)**	**(7,151,354)**
Consolidated Statement of Financial Position						
Net assets attributable to shareholders	53,188,187	-	53,188,187	21,464,162	-	21,464,162
Liabilities attributable to Class I & O shareholders	-	(43,363,271)	(43,363,271)	-	(16,451,877)	(16,451,877)
Net assets attributable to ordinary shareholders	**53,188,187**	**(43,363,271)**	**9,824,916**	**21,464,163**	**(16,451,877)**	**5,012,285**
Issued capital	15,884,921	(15,884,620)	301	8,047,267	(8,046,966)	301
Share based payment reserve	-	5,378,276	5,378,276	-	1,563,533	1,563,533
Asset revaluation reserve	33,301,533	-	33,301,533	-	-	-
Retained earnings/ (accumulated losses)	4,001,733	(32,856,927)	(28,855,194)	13,416,895	(9,968,444)	3,448,451
Total equity	**53,188,187**	**(43,363,271)**	**9,824,916**	**21,464,162**	**(16,451,877)**	**5,012,285**

Notes to the Financial Statements

For the Year Ended 30 June 2024

5 Revenue and Other Income

	2024	2023
	$	$
Revenue from contracts with customers		
- Fees for aged care services	**19,809,165**	10,035,637
- Supplements and subsidies from government	**73,823,785**	39,805,840
- Deferred management fees	**498,485**	772,599
	94,131,435	50,614,076

	2024	2023
Other Income		
- Grant income	**4,627,752**	278,983
- Donations	**-**	500,000
- Rental income	**556,395**	610,104
- Insurance recoveries	**171,799**	142,453
- Others	**345,954**	86,686
	5,701,900	1,618,226

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into timing of revenue recognition and the following table shows this breakdown:

	2024	2023
	$	$
Timing of revenue recognition		
- At a point in time	**93,632,950**	49,841,477
- Over time	**498,485**	772,599
	94,131,435	50,614,076

Notes to the Financial Statements

For the Year Ended 30 June 2024

6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2024	2023
	$	$
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(307,610)**	29,333
Under/(over) provision in respect of prior years	**-**	(2,470)
Total income tax (credit)/expense	**(307,610)**	26,863

(b) Reconciliation of income tax to accounting profit:

	2024	2023
	$	$
Profit/(loss)	**(3,728,216)**	(13,203,042)
Tax	**25.00%**	25.00%
	(932,054)	(3,300,761)
Add/(less):		
Tax effect of:		
- other non-allowable items	**-**	61,934
- non-deductible expenses	**-**	725
- tax losses from controlled entities	**-**	2,712,846
- non-taxable income	**(589,459)**	(405,872)
- unrecognised deferred tax on tax losses	**1,213,903**	960,461
- prior year tax adjustment	**-**	(2,470)
Income tax (credit)/expense	**(307,610)**	26,863

7 Cash and Cash Equivalents

	2024	2023
	$	$
Cash on hand	**12,029**	7,779
Cash at bank	**20,085,849**	6,757,761
	20,097,878	6,765,540

Notes to the Financial Statements

For the Year Ended 30 June 2024

8 Trade and Other Receivables

	2024	2023
	$	$
CURRENT		
Trade receivables	**1,976,291**	540,149
Provision for impairment	**(26,230)**	(160,247)
GST receivable	**1,279,025**	623,445
Related party receivables	**-**	265,767
Other receivables	**539,935**	1,073,055
	3,769,021	2,342,169

9 Other assets

	2024	2023
	$	$
CURRENT		
Prepayments	**321,157**	132,249
Accrued income	**930,557**	852,273
	1,251,714	984,522

10 Investment Properties

	2024	2023
	$	$
At fair value		
Balance at beginning of year	**38,127,000**	28,877,642
Additions on acquisition	**556,843**	3,641,858
Net change in fair value of investment properties	**-**	5,607,500
Balance at end of year	**38,683,843**	38,127,000

Notes to the Financial Statements

For the Year Ended 30 June 2024

11 Property, plant and equipment

	2024	2023
	$	$
Freehold land and buildings		
At fair value	**158,933,546**	95,542,170
Accumulated depreciation	**(1,578,917)**	(2,957,170)
Total freehold land and buildings	**157,354,629**	92,585,000
Plant and equipment		
At cost	**12,703,073**	6,159,188
Accumulated depreciation	**(7,567,932)**	(1,973,241)
Total plant and equipment	**5,135,141**	4,185,947
Furniture, fixtures and fittings		
At cost	**5,354,434**	1,725,608
Accumulated depreciation	**(2,233,680)**	(777,892)
Total furniture, fixtures and fittings	**3,120,754**	947,716
Motor vehicles		
At cost	**846,619**	468,676
Accumulated depreciation	**(573,122)**	(301,819)
Total motor vehicles	**273,497**	166,857
Computer equipment		
At cost	**3,522,361**	994,817
Accumulated depreciation	**(2,032,647)**	(508,388)
Total computer equipment	**1,489,714**	486,429
Capital work in progress		
At cost	**12,858,400**	558,700
Total property, plant and equipment	**180,232,135**	98,930,649

Movement in the carrying amounts:

	Land and Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Capital work in progress	Total
	$	$	$	$	$	$	$
Year ended 30 June 2024							
Balance at the beginning of year	92,585,000	4,185,947	947,716	166,857	486,429	558,700	98,930,649
Additions	115,024	548,864	722,514	72,306	648,596	5,804,213	7,911,516
Additions through acquisition of entities	59,465,163	1,981,041	1,542,292	155,977	523,646	6,760,898	71,279,313
Disposals	-	-	-	-	-	-	-
Transfers	-	-	126,990	-	138,421	(265,411)	-
Depreciation charges	(2,567,510)	(1,429,201)	(120,925)	(40,834)	(307,377)	-	(4,465,847)
Revaluation increase recognised in equity	3,904,327	-	-	-	-	-	3,904,327
Impairment reversal/(loss)	3,879,974	-	-	-	-	-	3,879,974
Written off	(27,350)	(151,510)	(97,833)	(80,809)	-	-	(357,502)
Balance at the end of the year	157,354,629	5,135,141	3,120,754	273,497	1,489,714	12,858,400	180,232,135

Notes to the Financial Statements

For the Year Ended 30 June 2024

12 Trade and Other Payables

	2024	2023
	$	$
CURRENT		
Trade payables	**1,808,143**	2,028,876
Sundry payables and accrued expenses	**3,501,592**	279,162
Wages, superannuation and PAYG payables	**3,192,784**	700,274
Other payables	**80,714**	210,415
	8,583,233	3,218,727

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Borrowings

	2024	2023
	$	$
CURRENT		
Other loans	**-**	5,025,000
Related party payables	**143**	11
Hire Purchase	**73,110**	33,286
	73,253	5,058,297

14 Refundable Accommodation Deposits, Bonds and Ingoing Contributions

	2024	2023
	$	$
CURRENT		
Refundable accommodation deposits and bonds	**136,464,046**	64,743,873
Ingoing contributions – Independent Living	**16,122,159**	12,984,684
	152,586,205	77,728,557

Notes to the Financial Statements

For the Year Ended 30 June 2024

15 Other Liabilities

	2024 $	2023 $
CURRENT		
Deferred considerations on acquisition	-	3,324,598

Deferred considerations for the Charingfield acquisition was settled in full on 4 July 2023.

16 Employee Benefits

	2024 $	2023 $
CURRENT		
Long service leave	**2,446,974**	840,656
Annual leave	**5,319,626**	2,614,734
	7,766,600	3,455,390
NON-CURRENT		
Long service leave	**837,959**	808,056

17 Liabilities attributable to Class I & O shareholders

	2024 $	2023 $
1,322,354 (2023: 962,354) Class O shares at issue price	**5,200,000**	3,400,000
6,384,759 (2023: 6,384,759) Class I shares at issue price	**13,071,891**	13,071,891
Share issue costs, net of tax	**(587,245)**	(587,245)
Fair value recognised in profit or loss	**42,833,851**	27,478,625
Total	**60,518,497**	43,363,271

Class I & O shares movement:

	2024 No.	2024 $	2023 No.	2023 $
At the beginning of the reporting period	**9,022,667**	**43,363,271**	5,470,507	16,451,870
Shares issued during the year				
Class O shares	**360,000**	**1,800,000**	677,124	2,400,011
Class I shares	**-**	**-**	1,208,371	5,437,675
Changes in fair value recognised in profit or loss	**-**	**15,355,226**	-	19,073,715
At the end of the reporting period	**9,382,667**	**60,518,497**	9,022,667	43,363,271

Class I and O Shares are convertible into ordinary shares upon a liquidity event. The exact conversion ratio is influenced by the Manager's performance fee, which, depending on a number of tests including an investor preferred return of 8%, can range up to 20% of the net shareholder return. Thus, Class I and O shares contain embedded derivative features, since the number of ordinary shares to be issued upon a liquidity event will vary based on the estimated proceeds and price per share at the time of the event. A liquidity event includes an Initial Public Offering or sale of the Group's assets. Because this conversion is not fixed, the Accounting Standards require that they be classified as financial liabilities. The Group accounts for the Class I and O shares as financial liabilities at fair value through profit or loss as the shares contain embedded derivative liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2024

17 Liabilities attributable to Class I & O shareholders (cont'd)

Liabilities attributable to Class I and O shares are not refundable as they do not contain any obligation to be settled in cash. Class I and O shares provide the shareholders with the same voting rights as ordinary shareholders as per Note 18 and represent a right to receive a variable number of ordinary shares as a result of meeting various performance targets.

18 Issued capital

	2024	2023
	$	$
1,666,666 (2023: 1,666,666) Ordinary shares	**301**	301

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company has also issued Class I and O shares. Refer to Note 17 for further details.

The Company does not have authorised capital or par value in respect of its shares.

19 Reserves

Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land and buildings.

Share based payment reserve

The share-based payments reserve is used to recognise the grant date fair value of instruments issued as disclosed in Note 29.

Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Business Combinations

Nanyima

On 01 October 2023, the Group entered into Asset Sale Agreements and Land Sale Contract with Nanyima Aged Care Inc (Seller) for the purchase of the entire controlling interest of the Assets and Business Operations of the Nanyima facilities for a consideration of $200,001 in cash and Class O securities valued $1,000,000.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair value
	$
Purchase consideration:	
- Cash	200,001
- Class O securities	1,000,000
Total purchase consideration	1,200,001
Assets or liabilities acquired:	
Cash	10,136,356
Trade and other receivables	210,277
Plant and equipment	427,517
Land and buildings	7,243,092
Investment properties	556,843
Capital work in progress	906,613
Intercompany receivable	6,973,827
Trade and Other Payables	(331,930)
Refundable accommodation deposits and bonds	(6,968,722)
Employee benefits	(629,205)
Intercompany payable	(6,973,827)
Total net identifiable assets	11,550,841
Identifiable assets acquired and liabilities assumed	11,550,841
Deferred payment consideration	1,200,001
Less: Identifiable assets acquired	11,550,841
Gain on acquisition (surplus of assets acquired over consideration paid)	(10,350,840)

Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Business Combinations (cont'd)

Tenterfield

On 28 November 2023, the Group entered into Asset Sale Agreement and Land Sale Contract with Tenterfield Care Centre Limited (Seller) for the purchase of entire controlling interest of the Assets and Business Operations of the Tenterfield facilities for a consideration of $1.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair value
	$
Purchase consideration:	
- Cash	1
Total purchase consideration	1
Assets or liabilities acquired:	
Cash	3,550,046
Trade and other receivables	376,574
Right of use	8,368
Plant and equipment	499,160
Land and buildings	4,651,198
Capital work in progress	5,827,802
Investment properties	460,355
Accrued income	45,785
Trade and payables	(392,589)
Refundable accommodation deposits and bonds	(9,617,915)
Employee benefits	(588,655)
Lease liabilities	(10,414)
Total net identifiable assets	4,809,715
Identifiable assets acquired and liabilities assumed	4,809,715
Goodwill consideration	1
Less: Identifiable assets acquired	4,809,715
Gain on acquisition (surplus of assets acquired over consideration paid)	(4,809,714)

Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Business Combinations (cont'd)

Yackandandah

On 29 September 2023, the Group entered into Asset Sale Agreement and Land Sale Contract with Yackandandah Health Limited (Seller) for the purchase of entire controlling interest of the Assets and Business Operations of the Yackandandah facilities for a consideration of $200,000 in cash and Class O securities valued $800,000.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair value
	$
Purchase consideration:	
- Cash	200,000
- Class O securities	800,000
Total purchase consideration	1,000,000
Assets or liabilities acquired:	
Cash	11,040,852
Trade and other receivables	85,498
Plant and equipment	1,117,037
Land and building	18,288,017
Capital work in progress	26,483
Investment	1,565
Trade and other payables	(813,486)
Refundable accommodation deposits and bonds	(18,083,404)
Employee benefits	(1,460,303)
Provisions	(39,889)
Borrowings	(837,500)
Total net identifiable assets	9,324,870
Identifiable assets acquired and liabilities assumed	9,324,870
Goodwill consideration	1,000,000
Less: Identifiable assets acquired	9,324,870
Gain on acquisition (surplus of assets acquired over consideration paid)	(8,324,870)

Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Business Combinations (cont'd)

The Bays

On 1 June 2024, the Group entered into Asset Sale Agreement and Land Sale Contract with The Bays Healthcare Group (Seller) for the purchase of the entire controlling interest of the Assets and Business Operations of The Bays facilities for a consideration of $5,966,461.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair value $
Purchase consideration:	
- Cash	5,966,461
Total purchase consideration	5,966,461
Assets or liabilities acquired:	
Plant and equipment	2,159,242
Land and building	28,822,500
Trade and other payables	(286,309)
Refundable accommodation deposits and bonds	(24,027,772)
Employee benefits	(1,089,313)
Total net identifiable assets	5,578,348
Identifiable assets acquired and liabilities assumed	5,578,348
Goodwill consideration	5,966,461
Less: Identifiable assets acquired	5,578,348
Goodwill*	388,113

** Goodwill was impaired in full.*

20 Business Combinations (cont'd)

Provisional accounting of acquisitions

The Group applies provisional accounting for any business combination.

Any reassessment of the fair value of the assets acquired or liabilities assumed during the earlier of the finalisation of the provisional accounting or 12 months from acquisition date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 Business combinations, with corresponding adjustments against goodwill. Thereafter, at each reporting date, any increase or decrease in the fair value of the assets acquired or liabilities assumed will result in a corresponding gain or loss recognised in profit or loss.

At this time, except for items noted below, we do not expect a material change in conjunction with the transaction. Specifically, the following assets and liabilities are subject to change:

1. Land and buildings

2. Refundable accommodation deposits and bonds

As management received additional information during the measurement year, these assets and liabilities may be adjusted.

21 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group‘s overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Borrowings
- Refundable accommodation deposits and bonds
- Deferred consideration on acquisition
- Liabilities at fair value through profit or loss

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Risk Management (cont'd)

	2024	2023
	$	$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	**20,097,878**	6,765,540
Trade and other receivables	**3,769,021**	2,342,169
Total financial assets	**23,866,899**	9,107,709
Financial liabilities		
Held at amortised cost		
Trade and other payables	**8,559,285**	3,218,727
Borrowings	**73,253**	5,058,297
Refundable accommodation deposits, bonds and ingoing contributions	**152,586,205**	77,728,557
Deferred consideration on acquisition	**-**	3,324,598
Held at fair value through profit or loss		
Liabilities at fair value through profit or loss	**60,518,497**	43,363,271
Total financial liabilities	**221,737,240**	132,693,450

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses in risking damage to Group's reputation.

21 Financial Risk Management (cont'd)

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Directors believe that based on historical experience, no more than 50% of resident liabilities will mature in any one year. Most of these are replaced by new liabilities (RADs) from incoming residents.

The Group also maintains a prudential reserve facility with a related party that provides a $2mil line of credit, repayable from new RAD receipts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

22 Deferred tax assets and liabilities

	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Deferred tax assets			
Provisions	40,275	26,549	66,824
Other adjustments	171,766	(24,832)	146,934
Balance at 30 June 2023	212,041	1,717	213,758
Provisions	**66,824**	**399,748**	**466,572**
Other adjustments	**146,934**	**(64,152)**	**82,782**
Balance at 30 June 2024	**213,758**	**335,596**	**549,354**

Notes to the Financial Statements
For the Year Ended 30 June 2024

22 Tax assets and liabilities (cont'd)

	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Deferred tax liabilities			
Property, plant and equipment	8,164	20,841	29,005
Prepayments	5,454	7,739	13,193
Balance at 30 June 2023	13,618	28,580	42,198
Property, plant and equipment	**29,005**	**18,969**	**47,974**
Prepayments	**13,193**	**9,017**	**22,210**
Balance at 30 June 2024	**42,198**	**27,986**	**70,184**

Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

23 Interests in consolidated entities

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
Subsidiaries:			
Apollo Care Managed Investment Trust	Australia	**100**	100
Apollo Care Pty Limited	Australia	**100**	100
Apollo Care Properties Pty Limited	Australia	**100**	100
Apollo Care (Bellevue) Operations Pty Limited	Australia	**100**	100
Apollo Care Bellevue Trust	Australia	**100**	100
Apollo Care Charingfield Trust	Australia	**100**	100
Vincent Court Trust	Australia	**100**	100
Calvin Aged Care Trust	Australia	**100**	100
Apollo Care Properties 2 Pty Ltd	Australia	**100**	100
Bundaleer Trust	Australia	**100**	100
Harden Trust	Australia	**100**	100
Tenterfield Care Centre Trust	Australia	**100**	-
Yackandandah Trust	Australia	**100**	-
Nanyima Trust	Australia	**100**	-
Westernport - The Bays Trust	Australia	**100**	-
Companies Limited by Guarantee:			
Charingfield Limited	Australia	**100**	100
Vincent Court Limited	Australia	**100**	100
Calvin Aged Care Limited	Australia	**100**	100
Bundaleer Care Operations Limited	Australia	**100**	100
HRDC Community Limited	Australia	**100**	100
Tenterfield Care Centre Limited	Australia	**100**	-
Yackandandah Health Limited	Australia	**100**	-
Nanyima Operations Limited	Australia	**100**	-
Westernport Community Limited	Australia	**100**	-

** Companies limited by guarantee do not have shareholders but are controlled by Apollo Care Operations Pty Ltd.*

24 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment - Land and Buildings
- Investment property
- Financial liabilities at fair value through profit or loss (Class I and O Shares)

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

30 June 2024	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Property, plant and equipment				
Land and buildings	-	-	157,354,629	157,354,629
Investment property	-	-	38,683,843	38,683,843
Financial liabilities at fair value through profit or loss (Class I and O Shares)	-	-	(60,518,497)	(60,518,497)

Land and buildings

The Group's land and buildings represent Aged Care facilities which are occupied by residents who in many cases have contributed a refundable accommodation deposit to occupy the unit. They are carried at fair value which is determined annually by external, independent and qualified valuers. Key inputs used in the valuations are the discount rate, terminal yield, capitalisation rate, expected vacancy rates and growth rates. The inputs are adjusted, if necessary, for any changes in economic circumstances between the measurement date and the reporting date. Changes in fair value are recognised in revaluation reserves.

Investment properties

The Group's investment properties represent Independent Living Units ("ILUs") which are occupied by residents who may have contributed a non-interest-bearing loan to occupy the ILUs. They are carried at fair value which is determined annually by external, independent and qualified valuers. Key inputs used in the valuations are the discount rate, terminal yield, capitalisation rate, expected vacancy rates and growth rates. The inputs are adjusted, if necessary, for any changes in economic circumstances between the measurement date and the reporting date. Changes in fair value are recognised in profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2024

24 Fair Value Measurement (cont'd)

Financial liabilities at fair value through profit or loss (Class I and O Shares)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to make assumptions that are mainly based on conditions existing at the end of each reporting period. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date include the Group's net asset value to determine the estimated price achieved on a liquidity event.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

25 Key Management Personnel Disclosures

Pursuant to the Company's Constitution and the Management and Operating Deed, the Management Company, Apollo Care Management Pty Limited, is paid a Management Fee of 1.5% of the gross assets under management for the first $100m, thereafter 1% of gross assets under management above $100m. This fee is reduced to the extent that those key personnel are remunerated by the Company.

The remuneration paid to key management personnel of the Company and the Group is $1,108,081 (2023: $ 742,223).

26 Contracted Commitments

	2024 $	2023 $
Contracted commitments for:		
Planned capital works and refurbishments	**7,108,082**	3,500,000
Stamp duty on acquisition of aged care facility	**-**	1,318,000
	7,108,082	4,818,000

Stamp duty on acquisition is not assessed until subsequent to the year end.

The Company anticipates that no significant capital expenditure commitments are required to the recently acquired residential aged care accommodations.

27 Contingencies

The Group had a contingent liability on an auto payroll facility amounting to $1,080,000 (2023: $1,080,000).

28 Related Parties

(a)The Group's main related parties are as follows:

Key management personnel - refer to Note 25.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b)Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

			Balance outstanding	
	Purchases	**Sales**	**Owed to the company**	**Owed by the company**
	$	**$**	**$**	**$**
KMP related parties				
Contractor fees paid to KRA Consulting	298,246	-	-	-
Consultancy fees paid to Yellow Paper	331,330	-	-	-
Other related parties				
Management fees paid to Apollo Care Management	2,191,126	-	-	-
Management fees paid to Cartesia Pty Ltd	72,634	-	-	-

(c) Loans to/from related parties

Loans are unsecured and repayable in cash, with no set repayment terms or interest payable.

	Opening balance	**Closing balance**	**Interest not charged**	**Interest paid/payable**
	$	**$**	**$**	**$**
Loans from related entities				
2023	6,794,689	-	-	-
Loans to related parties				
2024	**132**	**-**	**-**	**-**
2023	1,273	132	-	-

29 Share-Based Payments

As noted in Note 4 and Note 17 the Group's Manager is entitled to a performance fee of up to 20% of the Class I and Class O securityholder net return, subject to certain conditions including an investor preferred return of 8%. This performance fee is paid in Apollo Care Ordinary Shares at the time of a defined Liquidity Event.

Total expenses recognised in profit or loss for the year relating to share-based payment arrangements are $3,071,045 (2023: $3,814,743).

This performance fee is in turn allocated by the Manager to management participants via an Equity Incentive Plan. The Equity Incentive Plan is designed to provide long-term incentives for senior managers and above (including both non-executive and executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted Class M Shares (Rights), which normally vest over three years provided certain performance hurdles are met. At the Liquidity Event, it is expected that Class M Shares (Rights) will convert to Ordinary shares.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Class M Shares are granted under the plan for no consideration and carry no dividend or voting rights.

Set out below are summaries of shares granted under the plan:

	2024		2023	
	Number of shares	Average fair value per share $	Number of shares	Average fair value per share $
As at 1 July	**43,887,500**	**0.12**	43,887,500	0.04
Granted during the year	**2,000,000**	**0.18**	-	-
As at 30 June	**45,887,500**	**0.18**	43,887,500	0.12

30 Auditors' Remuneration

	2024 $	2023 $
Remuneration of the auditor PKF, for:		
- auditing or reviewing the financial statements	**78,500**	62,000

Notes to the Financial Statements

For the Year Ended 30 June 2024

31 Parent entity

The following information has been extracted from the books and records of the parent, Apollo Care Operations Pty Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Apollo Care Operations Pty Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2024 $	2023 $
Statement of Financial Position		
Assets		
Current assets	**61,047,816**	29,247,925
Non-current assets	**231,243,569**	79,638,724
Total Assets	**292,291,385**	108,886,649
Liabilities		
Current liabilities	**244,014,409**	74,758,353
Non-current liabilities	**60,560,695**	43,405,469
Total Liabilities	**304,575,104**	118,163,822
Equity		
Issued capital	**301**	301
Reserves	**8,449,321**	5,378,276
Retained earnings	**(20,733,341)**	(14,655,750)
Total Equity	**(12,283,719)**	(9,277,173)
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(6,077,600)**	(25,627,018)
Total comprehensive loss	**(6,077,600)**	(25,627,018)

Notes to the Financial Statements

For the Year Ended 30 June 2024

32 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 31 October 2024 by the board of directors.

On the 4th July 2024, the Company entered into an agreement with Bank of Queensland for the establishment of several financing facilities. These facilities comprised:

- An $8m RAD liquidity loan which could be used for the repayment of Refundable Accommodation Deposits (RADs); and

- A Commercial Rate Loan facility for $10m for the use of refurbishment of Aged Care Facilities.

These facilities are secured by mortgages over a various of properties and guarantees from controlled entities and have a three year term from the date of drawdown. At the date of this report, no drawdowns have been made against these facilities.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

33 Statutory Information

The registered office and principal place of business of the company is:
Apollo Care Operations Pty Ltd 2024
Level 2 16-18 O'Connell Street
SYDNEY NSW 2000

Apollo Care Operations Pty Ltd

ACN 609 769 897

Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 5 to 41, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standard - Simplified Disclosure Standard; and

    b. give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the Company and consolidated group.

2. 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.

Director: ....
John Catherwood Young

Director: ....
Stephen John Becsi

Dated 31 October 2024

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839
755 Hunter Street, Newcastle West NSW 2302
Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245
Sydney T: +61 2 8346 6000 F: +61 2 8346 6099
info@pkf.com.au
www.pkf.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF APOLLO CARE OPERATIONS PTY LTD

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Apollo Care Operations Pty Ltd and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including the material accounting policy information, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year end or from time to time during the financial year.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of Apollo Care Operations Pty Ltd and its controlled entities is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the Corporations Regulations 2001.

Basis for Qualified Opinion

Fair value of liabilities attributable to Class I and O shareholders

The fair value of liabilities attributable to Class I and O shareholders of $60,518,497 (2023: $43,363,271) recorded in the Consolidated Statement of Financial Position and the fair value movements with Class I & O shareholders of $15,355,226 (2023: $19,073,740) recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, have been determined by the Group's valuation assessment at each reporting date. The key inputs of the Group's valuation have been disclosed in Note 24. We were unable to obtain sufficient appropriate audit evidence regarding the fair value of liabilities attributable to Class I and O shareholders in accordance with Australian Accounting Standards due to limitations in the key inputs used in the Group's valuation assessment.

Net gain on acquisitions

The total net gain on acquisitions of $23,097,311 recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income includes gains derived from acquisitions for which Class O shares (liabilities attributable to Class O Shareholders) were issued in part consideration as disclosed in Note 20. We were unable to obtain sufficient appropriate audit evidence regarding the net gain on acquisitions for which Class O Shares were issued, due to limitations in the key inputs used in the Group's valuation assessment of the fair value of liabilities attributable to Class O Shareholders.

Basis for Qualified Opinion (cont'd)

Share based payments

Share based payment expense of $3,071,045 (2023: $3,814,743) recognised in the in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and corresponding movements in the share based payment reserve recognised in the Consolidated Statement of Financial Position, have been determined by the Group's valuation of the fair value of Class M Shares (rights) vested at each reporting date. We were unable to obtain sufficient appropriate audit evidence regarding the fair value of share based payments due to limitations in the key inputs used in the Group's valuation assessment.

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

Independence

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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Requirements 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.

Responsibilities of the Directors for the Financial Report (cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated 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 consolidated entity to cease to continue as a going concern.

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

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

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

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

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

PKF

PKF

KYM REILLY
PARTNER

31 OCTOBER 2024
SYDNEY, NSW