HALL & PRIOR
Health & Aged Care Group

FRESH FIELDS MANAGEMENT (NSW) NO 2 PTY LTD CONSOLIDATED ACCOUNTS

ABN 35 624 674 380

ANNUAL FINANCIAL REPORT

30 JUNE 2025

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Directors' Report

For the year ended 30 June 2025

The Directors present their report together with the consolidated financial statements of Fresh Fields Management (NSW) No 2 Pty Ltd (the Company) and its subsidiary (collectively, the Group) for the year ended 30 June 2025.

DIRECTORS

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the period 1 July 2024 to the date of this report unless otherwise stated.

Graeme Prior AM	Managing Director
Michael Hall	Non-executive Director
Dr Jane Barratt (appointed 1 July 2025)	Non-executive Director
Professor David Cullen (appointed 1 July 2025)	Non-executive Director
Colin Fermanis (appointed 1 July 2025)	Non-executive Director
Jennifer O'Connell (appointed 1 July 2025)	Non-executive Director
William Marmion (appointed 1 July 2025)	Non-executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were to supply residential and community based healthcare to the aged (of which the Group is an approved provider), independent retirement accommodation and to develop the Melville site.

REVIEW OF OPERATIONS

Occupancy at the Group's aged care homes averaged 83.9% (2024: 90.5%) for the year and ended the year at 96.2% (2024: 91.1%).

Corporate developments

On 14 October 2024, the Group acquired the business including assuming all the assets and liabilities and leased the land and buildings of Springhaven Lodge from Shire of Kojonup.

On 4 November 2024, the Group acquired the business including assuming all the assets and liabilities and leased the land and buildings of Canberra Aged Care Home from Bunyundah Nominees Pty Ltd.

On 1 April 2025, the Group acquired the business including assuming all the assets and liabilities of Blue Haven Bonaira and Blue Haven Bonaira Retirement Village and Care Home from Blue Haven Kiama Municipal Council.

During the year, the Group also acquired various strategic land and building properties for future development.

On 30 June 2025, the Group disposed of all the assets and liabilities of Bexley Aged Care Home, Canberra Aged Care Home, Menaville Nursing Home and Montana Nursing Home to Fresh Fields Aged Care (NSW) No 1 Pty Ltd. The Group also disposed of all the assets and liabilities of Braemar Cooinda, Braemar House, Braemar Village, Emerald Life Aged Care, Mertome Aged Care, Springhaven Lodge and Villa Dalmacia Aged Care to Fresh Fields Aged Care Pty Ltd. Additionally, the Group disposed of all its land assets to Fresh Fields Land No 1 Pty Ltd. Furthermore, the Group disposed of 100% the issued share capital in Melville Health, Aged and Community Care (WA) Pty Ltd to Fresh Fields (WA) Pty Ltd. All of these entities are related parties.

At 30 June 2025, the Group owns and will continue operating both the Blue Haven Bonaira and the Blue Haven Bonaira Retirement Village and Care Home.

Directors' Report (continued)

QUALITY AND SAFETY COMPLIANCE

Facility	RACS	Beds	Non-compliant requirement at 30 June	Accreditation period	Last ACQSC audit	Accreditation expiry	Unannounced assessment contacts during FY25
Bexley Aged Care Home	2541	60	1	3 years	5/6/2023	1/11/2026	17/9/2024 17/10/2024
Blue Haven Bonaira	0094	130	Nil	3 years	7/1/2025	28/4/2028	-
Braemar Cooinda	7450	108	Nil	3 years	13/3/2023	19/4/2026	16/7/2024
Braemar House	7758	58	Nil	3 years	29/5/2024	5/9/2027	3/10/2024
Braemar Village	7077	52	Nil	3 years	2/5/2023	24/12/2026	-
Canberra Aged Care Home	2984	114	Nil	3 years	6/8/2024	14/1/2028	-
Emerald Life Aged Care	7876	92	Nil	3 years	16/1/2024	13/5/2027	-
Menaville Nursing Home	2226	48	Nil	3 years	17/5/2023	9/6/2026	-
Mertome Aged Care	7355	71	Nil	3 years	23/5/2023	2/8/2026	-
Montana Nursing Home	0555	63	Nil	3 years	3/1/2023	17/3/2026	-
Springhaven Lodge	7080	22	Nil	3 years	6/11/2024	1/2/2028	-
Villa Dalmacia Aged Care	7234	70	Nil	3 years	18/10/2024	31/1/2028	2/10/2024 16/5/2025

The above table represents the services that were operated by the Group during the year. The Group’s National Approved Provider System ID is 9509.

Blue Haven Bonaira and Canberra Aged Care were acquired by the Group during the year. Blue Haven Bonaira and Canberra Aged Care both underwent reaccreditation prior to acquisition by the Group.

Springhaven Lodge was subject to a reaccreditation audit in November 2024 at which it was deemed compliant with 42/42 requirements.

Bexley Aged Care was subject to an unannounced assessment contact in October 2024. The service was assessed as being non-compliant in 1 requirement. Remediation actions were implemented and the service was confirmed to return to full compliance following an assessment contact just after the conclusion of the period, in July 2025.

Unannounced assessment contacts were undertaken at 4 of the 12 facilities as per the table above. No non-compliance was identified.

Based on the above, the Directors are of the view that, other than Bexley Aged Care, all facilities were compliant at all times that they were under the control of the Group during the reporting period.

Directors' Report (continued)

RESULTS AND DIVIDENDS

The profit after tax of the Group for the year ended 30 June 2025 was $1,595,000 (2024: $2,854,000) with an increase of $29,989,000 in revenue from contracts with customers to $111,693,000.

The increase in revenue is primarily due to the acquisitions of Springhaven Lodge in October 2024, Canberra Aged Care Home in November 2024 and Blue Haven Bonaira and Blue Haven Bonaira Retirement Village and Care Home in April 2025 as well as the full year operations of Braemar House, Braemar Village and Braemar Cooinda.

No dividends were declared or provided for during the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 14 October 2024, the Group acquired the business including assuming all the assets and liabilities and leased the land and buildings of Springhaven Lodge from Shire of Kojonup.

On 4 November 2024, the Group acquired the business including assuming all the assets and liabilities and leased the land and buildings of Canberra Aged Care Home from Bunyundah Nominees Pty Ltd.

On 1 April 2025, the Group acquired the business including assuming all the assets and liabilities of Blue Haven Bonaira and Blue Haven Bonaira Retirement Village and Care Home from Blue Haven Kiama Municipal Council.

On 30 June 2025, the Group disposed of all the assets and liabilities of Bexley Aged Care Home, Canberra Aged Care Home, Menaville Nursing Home and Montana Nursing Home to Fresh Fields Aged Care (NSW) No 1 Pty Ltd. The Group also disposed of all the assets and liabilities of Braemar Cooinda, Braemar House, Braemar Village, Emerald Life Aged Care, Mertome Aged Care, Springhaven Lodge and Villa Dalmacia Aged Care to Fresh Fields Aged Care Pty Ltd. Additionally, the Group disposed of all its land assets to Fresh Fields Land No 1 Pty Ltd. Furthermore, the Group disposed of 100% the issued share capital in Melville Health, Aged and Community Care (WA) Pty Ltd to Fresh Fields (WA) Pty Ltd. All of these entities are related parties.

Other than that, there were no significant changes in the state of affairs of the Group during the year other than those disclosed in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No other matters or circumstances has arisen that has significantly affected, or may significantly affect, the operations of the Group.

FUTURE DEVELOPMENTS AND RESULTS

The Group will continue operations of the aged care facility and retirement village. The Directors will develop plans for more residential beds.

INDUSTRY REFORM AND CHANGES

The aged care sector continues to undergo a period of significant reform and change including:

- September 2024 Australian Government’s response to the Aged Care Taskforce’s final report to support a more sustainable and viable sector. The recommendations which have been enacted into legislation effective 1 November 2025 (implementation delayed from 1 July 2025) are expected to have a positive financial impact including the re-introduction of RAD retentions;
- Mandated care minutes increased to an average of 215 care minutes per resident per day from 1 October 2024, including 44 minutes from a registered nurse (RN). Enrolled nurses (EN) can contribute up to 10% of the RN requirement;

Directors' Report (continued)

- Ability to charge a RAD of up to $750,000 (increased from $550,000) without approval from the Independent Health and Aged Care Pricing Authority (IHACPA) from 1 January 2025;
- The strengthened Aged Care Quality Standards to be implemented under the new Aged Care Act; and
- Introduction of the new Support at Home Program in November 2025.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any particular or significant environmental regulation.

SHARES ON ISSUE

During the year, no shares were issued or redeemed.

INDEMNIFICATION AND INSURANCE OF DIRECTORS OR OFFICERS

The Group indemnifies its Directors and executive officers against liability incurred in their capacity as directors or officers of the Group or related body corporate, except as may be prohibited by law. The indemnity is limited to their conduct while acting in the capacity of Directors or officers of the Group.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payments has been made to indemnify Ernst & Young Australia during or since the financial year end.

ROUNDING

Amounts in the Directors’ Report and the financial statements have been rounded to the nearest thousand dollars ($000), unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Signed in accordance with a resolution of the Directors.

Graeme Prior AM
Managing Director

Perth
29 October 2025

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Auditor's independence declaration to the Directors of Fresh Fields Management (NSW) No 2 Pty Ltd

As lead auditor for the audit of the financial report of Fresh Fields Management (NSW) No 2 Pty Ltd for the financial year ended 30 June 2025, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fresh Fields Management (NSW) No 2 Pty Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
29 October 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Revenue from contracts with customers	4	**111,693**	81,704
Other income	4	**10,682**	8,190
Salaries and employee benefits expense		**(72,362)**	(50,691)
Administration costs		**(9,571)**	(3,949)
Operating costs		**(17,429)**	(12,118)
Depreciation expense	8, 14	**(3,362)**	(2,731)
Amortisation of bed places		**-**	(2,208)
Profit / (loss) on sale of assets		**3**	(6)
Revaluation loss of non-current assets	9	**(165)**	-
Impairment of non-current assets	8	**(4,519)**	(2,061)
Purchase gain	24	**4,339**	-
Finance income - interest		**1,889**	1,506
Finance cost - interest		**(17,636)**	(13,448)
PROFIT BEFORE TAX		**3,562**	4,188
Tax income expense	5	**(1,967)**	(1,334)
NET PROFIT AFTER TAX FOR THE YEAR		**1,595**	2,854
OTHER COMPREHENSIVE INCOME			
Revaluation of land and buildings net of tax		**(2,610)**	1,962
Other comprehensive income for the year		**(2,610)**	1,962
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR		**(1,015)**	4,816

Statement of Financial Position

As at 30 June 2025

	Notes	2025 $000	2024 $000
CURRENT ASSETS			
Cash and cash equivalents	6	**55,486**	41,112
Trade and other receivables	7	**907**	1,006
Inventories		**-**	276
Prepayments		**53**	61
TOTAL CURRENT ASSETS		**56,446**	42,455
NON-CURRENT ASSETS			
Rent deposits		**7**	4,400
Property, plant and equipment	8	**56,773**	43,381
Investment properties	10	**44,949**	-
Goodwill	13	**-**	39,801
Right-of-use assets	14	**-**	45,469
Loans to related entities	11	**9,742**	42,451
Deferred tax assets	5	**-**	18,090
TOTAL NON-CURRENT ASSETS		**111,471**	193,592
TOTAL ASSETS		**167,917**	236,047
CURRENT LIABILITIES			
Trade and other payables	15	**3,602**	5,152
Refundable accommodation deposits	16	**44,906**	106,300
Resident loan obligations	17	**35,495**	4,051
Interest bearing loans and borrowings	18	**-**	2,200
Lease liabilities	14	**-**	513
Contract liabilities		**59**	-
Provisions	19	**1,226**	5,059
Loans from related entities	12	**73,687**	5,084
TOTAL CURRENT LIABILITIES		**158,975**	128,359
NON-CURRENT LIABILITIES			
Trade and other payables	15	**3,021**	-
Interest bearing loans and borrowings	18	**-**	34,425
Lease liabilities	14	**-**	47,399
Provisions	19	**116**	595
Deferred tax liabilities	5	**-**	18,449
TOTAL NON-CURRENT LIABILITIES		**3,137**	100,868
TOTAL LIABILITIES		**162,112**	229,227
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		**5,805**	6,820
EQUITY			
Contributed equity	20	**-**	-
Reserves	21	**-**	5,322
Retained earnings		**5,805**	1,498
TOTAL EQUITY		**5,805**	6,820

Statement of Changes in Equity

For the year ended 30 June 2025

	Contributed Equity	Revaluation Reserve	Retained (Losses) / Earnings	Total
	$000	$000	$000	$000
30 June 2023	**-**	**3,360**	**(1,356)**	**2,004**
Profit for the year	-	-	2,854	2,854
Revaluation of land and buildings (net of tax)	-	1,962	-	1,962
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,962	2,854	4,816
30 June 2024	**-**	**5,322**	**1,498**	**6,820**
Profit for the year	-	-	1,595	1,595
Revaluation of land and buildings (net of tax)	-	(2,610)	-	(2,610)
Revaluation reserve realised on transfer of assets	-	(2,712)	2,712	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(5,322)	4,307	(1,015)
30 June 2025	**-**	**-**	**5,805**	**5,805**

Statement of Cash Flows

For the year ended 30 June 2025

	2025 $000	2024 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from residents and government	**110,517**	82,523
Payments to suppliers and employees	**(98,389)**	(68,117)
Proceeds from refundable accommodation deposits	**61,525**	43,692
Proceeds from refundable accommodation deposits obtained from nursing home acquisitions	**62,674**	35,759
Refunds of refundable accommodation deposits	**(36,740)**	(28,636)
Resident loans received	**31**	97
Interest received	**1,889**	1,506
Interest paid	**(7,576)**	(6,480)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**93,931**	60,344
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,965)**	(1,993)
Proceeds from sale of property, plant and equipment	**3**	31
Purchase of nursing homes	**(69,402)**	(25,000)
Construction work in progress	**(12,002)**	(3,811)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(83,366)**	(30,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Rent deposits	**2,728**	-
Repayment of borrowings	**(49,875)**	(1,675)
Proceeds from borrowings	**15,250**	667
Payment of principal portion of lease liabilities	**(341)**	(366)
Loans from / (to) related parties	**36,047**	(1,664)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	**3,809**	(3,038)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	**14,374**	26,533
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**41,112**	14,579
CASH AND CASH EQUIVALENTS AT END OF YEAR	**55,486**	41,112

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

The consolidated financial statements of Fresh Fields Management (NSW) No 2 Pty Ltd (the Company) for the year ended 30 June 2025 was authorised for issuance in accordance with a resolution of the Directors on 29 October 2025.

Fresh Fields Management (NSW) No 2 Pty Ltd is a company limited by shares incorporated in Australia.

The registered office is located at:
16-18 Mayfair Street
West Perth, Western Australia 6005

The principal activities of the Group during the year were to supply residential and community based healthcare to the aged (of which the Group is an approved provider), independent retirement accommodation and to develop the Melville site.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial report has been prepared on an accrual basis of accounting including the historical cost convention with the exception of land and buildings which have been measured at fair value. The consolidated financial statements provide comparative information in respect of the previous period.

Rounding

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand ($000), except when otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for-profit, private sector entity for the purpose of preparing these financial reports.

(c) Going concern

As at 30 June 2025, the Company has net current liabilities of $102,529,000 (2024: $85,904,000) primarily due to refundable accommodation deposits totalling $44,906,000 (2024: $106,300,000), resident loan obligations totalling $35,495,000 (2024: $4,051,000) and loans from related entities totalling $73,687,000 (2024: $5,084,000) being classified as current liabilities, as the Company does not have the unconditional right to defer settlement of these liabilities for at least 12 months after the reporting date.

The Company is reliant on financial support from its ultimate parent, The Hall & Prior Nursing Home Group Unit Trust and its subsidiaries (collectively the Group) and has received a letter of support that the Group will provide financial support to the Company to enable it to meet its debts as and when they fall due for 12 months from the date of the financial statements.

Notwithstanding the net current liability position of the Company at 30 June 2025, in consideration of the above, the Directors are satisfied that the Company will continue as a going concern. The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) New and amended accounting standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2024 and do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Pronouncements issued but not yet effective

A number of other Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective. A full assessment of the impact of all the new or amended Accounting Standards and interpretations issued but not effective has not yet been completed.

(e) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of property, plant and equipment and right of use assets

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the property, plant and equipment relates.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow money over a similar term. This requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) and adjusts these rates to include the effects of certain entity-specific estimates.

Determination of business combination and asset acquisition

Business combination is a transaction or other event in which an acquirer obtains control of one or more business. The Group determine whether a transaction or other event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the Group account for the transaction or other event as an asset acquisition.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee entitlements provision

The Group does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date.

Impairment of assets with indefinite lives - goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit to which the goodwill relates.

The assumptions used in the estimation of this recoverable amount and the carrying value of goodwill are discussed in note 13.

(f) Principles of consolidation

This financial report includes the consolidated financial statements and Notes for the consolidated entity consisting of Fresh Fields Management (NSW) No 2 Pty Ltd Pty Ltd and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared using consistent accounting policies and for the same reporting period as the parent entity. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

For the current financial year, the Group continues to prepare and present consolidated financial statements to ensure comparability with the prior reporting period. From the financial year ending 30 June 2026, the Company will no longer have control over any subsidiary entities. As such, consolidated financial statements will no longer be required and the Company will present financial statements solely as a single reporting entity.

(g) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquire. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

For common control business combination, pooling-of-interests type method applied. The pooling of interest method is applied to account for combinations under common control. Common control business combinations arise when entities are ultimately controlled by the same party combine their operations into a single reporting entity. Previous recognised carrying amounts of the assets acquired and liabilities assumed are carried in the books of receiving entity. Any difference between the consideration transferred and the acquired net assets is reflected as Common control reserve within equity.

In applying the pooling of interest method, the Group has made accounting policy choice to not restate comparative periods prior to business combination.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognised in profit or loss.

Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group applies provisional amounts for items for which the accounting is incomplete. These provisional amounts are retrospectively adjusted during the measurement period if new information becomes available about facts and circumstances that existed as of the acquisition date and would have affected the measurement of the amounts recognised at that date.

The measurement period shall not exceed one year from the acquisition date. Adjustments made after the measurement period are permitted only to correct errors in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Revenue from contracts with customers and other income

Revenue and other income is accounted for as below:

(i) Residential aged care

The Group recognises revenue from aged care services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as agreed in a single contract with the resident. Fees received in advance of aged care services performed are recognised as Unearned Revenue.

Residential aged care is disaggregated based on the nature of funding as detailed below:

Government funded revenue

Government funded revenue reflects the Group's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Revenue funded by the Australian Government is derived under the Group's contracts with customers.

The Australian Government funded revenue comprises basic subsidy amounts, accommodation supplements, funding for short-term 'respite' residents and other Government incomes which is funded under the Australian National Aged Care Classification ('AN-ACC') care model.

Revenue is recognised over time as services are provided. Funding claims are submitted / updated daily, and the Australian Government funded revenue is usually received within approximately one month of services having been performed.

Resident basic daily fee revenue

Residents are charged a basic daily fee as a contribution towards the costs of care and accommodation. This fee is calculated in accordance with the rates set by the Federal Government. The basic daily fee is calculated as a daily rate and invoiced monthly to the resident, with payment usually received within 30 days.

Other resident revenue

Other resident revenue represents other fees charged to residents in respect of additional care and accommodation services provided by the Group, including means tested care fees, Daily Accommodation Payment (DAP) / Daily Accommodation Contribution (DAC) revenue, additional services revenue and other income. Other resident revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis, with payment usually received within 30 day.

(ii) Retirement living

Revenue arises from deferred management fees and short-term rentals, as agreed in a single contract with the resident. Revenue from deferred management fees is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data, including industry data. The difference between revenue recognised and contractual deferred management fees earned is recognised as a liability. Revenue from short term rentals is recognised on a daily basis as services are provided.

(iii) Other operating revenue

Other operating revenue comprises residual resident fees and other sundry revenue. Revenue is recognised over time as services are provided with invoices raised on a monthly basis, with payment usually received within 30 days.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

(j) Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of projects under construction where they are capitalised up to the date of commissioning or sale. Borrowing costs consist of interest and other costs the entity incurs in connection with the borrowing of funds.

(k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of estimated useful life and the lease term.

The lease term is the non-cancellable period of a lease together with the lease period under reasonably certain extension options and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Right-of-use assets are depreciated on a straight-line basis over the lease term for land and buildings and the estimated useful life for property, plant and equipment, as follows:

Asset class useful life	Lease term / Estimated useful life
Land and buildings	20 – 30 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The right-of-use assets are also subject to impairment.

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset (see note 14).

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts are carried at the principal amount. Interest is recognised as an expense as it occurs.

(m) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (y) Financial Assets - initial recognition and subsequent measurement.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Property, plant and equipment

Property

Land and buildings are measured at fair value, based on periodic valuations by external, independent valuers, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Construction work in progress (WIP)

Construction work in progress includes capitalised costs relating to assets under development at cost. The deferred costs relating to assets under development are amortised over the useful life of the assets they relate to with amortisation commencing when the assets are brought into use.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value, where applicable.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land. Major depreciation periods are:

Asset class useful life	Estimated useful life
Leasehold improvements	Shorter of useful life or lease term
Buildings	40 years
Furniture and fittings	5 to 15 years
Plant and equipment and motor vehicles	3 to 15 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are included in the statement of comprehensive income. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Investment properties

During the year, the Group recognised investment properties for the first time. These properties were acquired as part of a business combination and have been recognised at their fair value at the acquisition date, in accordance with AASB 3 Business Combinations. The fair value was determined by independent valuation or other appropriate valuation techniques.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(p) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and, in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for exceeds the fair values attributed to the identifiable net assets at the date of acquisition.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses recognised for goodwill are not subsequently reversed.

Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

A summary of the policies applied to the Group's intangible assets is as follows:

	Goodwill
Useful life	Indefinite
Amortisation - Method used	No amortisation
Acquired / internally generated	Acquired
Impairment testing / recoverable amount testing	Annually and more frequently when an indicator of impairment exists

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Recoverable amount

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Indefinite life intangibles are tested for impairment at least annually.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Interest bearing loans and borrowings

All loans and borrowings are initially measured at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Employee entitlements

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

All employee entitlement liabilities are measured based on the remuneration rates expected to be paid when the liability is settled.

Employee entitlements expenses arise in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements which are charged against profits on a net basis in their respective categories.

Short-term employee benefits

Liabilities recognised for salaries and wages, annual leave and any other short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled in respect of services provided by employees up to the reporting date.

Long-term employee benefits

Liabilities recognised in respect of long service leave and any other long-term employee benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary levels, historical employee turnover rates and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Classification

Liabilities for employee benefits where the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date are presented as current. Liabilities for employee benefits where the Group has an unconditional right to defer settlement for at least 12 months after the reporting date are presented as non-current.

Superannuation commitments

All employees are entitled to varying levels of benefits on retirement, disability or death in line with the applicable Enterprise Bargaining Agreement (EBA). The superannuation plans provide accumulated benefits. Contributions of up to 11.5% (2024: 11%), or the rate agreed upon in the EBA, of employee wages and salaries are legally enforceable.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(u) Refundable accommodation deposits

A Refundable accommodation deposit (RAD) is a non-interest-bearing deposit paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. RADs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Due to the short-term nature of RADs, their carrying value is assumed to approximate their fair value.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or accommodation bond, the Group receives a financing benefit, being non-cash consideration, in the form of an interest free loan. Under AASB 16, the fair value of this non-cash consideration is required to be recognised as income (to reflect the interest free loan financing benefit received on RADs and accommodation bonds) and, correspondingly, interest expense (to record the financial liability associated with RADs and accommodation bonds at fair value) with no net impact on profit or loss.

(v) Income tax

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax

Deferred Income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from 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 the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidated group

Hall & Prior Nursing Home Group Unit Trust (Group) controls all of the common shares of Archmont Investments Pty Ltd (Archmont) which in turns controls all of the common shares or trust units within the Group. Archmont and its wholly owned subsidiaries are a tax consolidated group. Archmont is the head of the tax consolidated Group.

Members of the tax consolidated Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by Archmont. The tax funding agreement requires payments to/from the head entity to be recognised through an inter-entity receivable/payable which is at call.

(w) Other taxes

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Contributed equity

Contributed equity consists of ordinary shares and are recognised at the fair value of the consideration received by the Group.

(y) Comparative figures

Comparative figures have been adjusted for reclassifications and conform to changes in presentation for the current financial year where required by accounting standards.

(z) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under Revenue from Contracts with Customers (*AASB 15*).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principle and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date i.e. the date the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and rent deposits included under other non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Group recognises an allowance for Expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When the Group has transferred its rights to receive cash flows from an asset or has entered into pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Group has retained.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(aa) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Financial Instruments (AASB 9) are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Expected Interest Rate (*EIR*) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium or acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, for more information, refer to Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaces by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(bb) Commitment of financial support

The Group is a member of The Hall & Prior Nursing Home Group Unit Trust (the ultimate parent Group). The Group has agreed to provide financial support to allow the Group to pay its debts as and when necessary for at least 12 months from the date of approval of this financial report.

3. FINANCIAL RISK MANGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, related party and third party loans, refundable accommodation deposits and cash.

The Group is part of the ultimate parent Group and key financial risks are managed at an ultimate parent Group level. Reflective of this fact are banking arrangements which include the provision of fixed and floating charges over the entities assets, the provision of a guarantee and indemnity in relation to loans advanced by the Ultimate parent Group's bankers to Ultimate parent Group entities, and that the Directors and Trustees of related entities have confirmed that they will not demand repayment of loans in circumstances where doing so would prevent the Group from discharging its other obligations as and when they fall due. Accordingly, management of financial risks for the Group is directly linked to the ultimate parent Group's financial risk management.

The Ultimate parent Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Ultimate parent Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Financial Risk Management Team under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of interest rate risk, credit allowances, and future cash flow forecast projections.

Risk exposures and responses

Market risk

Market risk the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates and resident accommodation prices. Financial instruments affected by market risk include cash, loans and borrowings and RADs and accommodation bonds and derivative financial instruments. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all operational activities are undertaken in accordance with established internal and external guidelines, financing and investment strategies of the Group.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's debt obligations.

As noted above, the financial risks of the Group are managed at the Group level. The Group pays interest external debt at variable rates and accordingly this represents the key financial risk exposure to the Group.

The Group routinely analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANGEMENT, OBJECTIVES AND POLICIES (CONTINUED)

Price risk

The Group's exposure to price risk primarily relates to the risk that the Australian Government, through the Department of Health, alters the rate of funding provided to Approved Providers of residential aged care services. A fluctuation in the rate of Government funding may have a direct material impact on the revenue of the Group. In addition, the Department of Health also administers the pricing of resident contributions.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit monitoring procedures. Risk limits are set for each individual customer in accordance with parameters set by the board.

Collateral is generally not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of related entity debt which is managed at a Group level.

The Group has established comprehensive risk reporting covering all its business units that reflects expectations of management of expected settlement of financial assets and liabilities, including that sufficient liquidity is maintained to ensure the refund of RAD and accommodation bond balances as and when they fall due. The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

Notes to the Financial Statements

	2025 $000	2024 $000
4. REVENUE AND OTHER INCOME		
Revenue		
Revenue from contracts with residential customers [1]		
Government funded revenue	**83,347**	61,022
Residential basic daily fee revenue	**18,817**	14,422
Other resident revenue	**8,504**	6,260
	110,668	81,704
Revenue from contracts with community customers [1]	**1,025**	-
Total revenue	**111,693**	81,704
[1] Revenue is recognised over time from two segments, being aged care services and community care.		
Other income		
Other resident services	**162**	252
Deemed interest from refundable accommodation deposits	**10,060**	6,968
Deferred management fee revenue	**188**	122
Income from COVID-19 grants	**-**	626
Rental Income	**272**	222
Total other income	**10,682**	8,190

	2025 $000	2024 $000
5. INCOME TAX		
The major components of income tax are:		
Statement of profit or loss		
Current income tax		
Current income tax charge	**1,803**	2,785
Adjustment in respect of prior years	**(26)**	696
Deferred income tax		
Relating to origination and reversal of temporary differences	**(1,869)**	(1,507)
Adjustment in respect of prior years	**27**	(640)
Deferred tax expense arising from reversal of deferred tax assets	**2,032**	-
Income tax expense reported in the statement of comprehensive income	**1,967**	1,334
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting profit before income tax	**3,562**	4,188
At the Company's statutory income tax rate of 30%	**1,069**	1,256
Non allowable expenditure for income tax purposes	**(1,135)**	22
Adjustment in respect of prior years	**1**	56
Deferred tax expense arising from reversal of deferred tax assets	**2,032**	-
Income tax expense reported in the statement of comprehensive income	**1,967**	1,334

Notes to the Financial Statements

The future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the entity in realising the benefit.

	Statement of financial position		Statement of profit or loss and other comprehensive income	
	2025	2024	**2025**	2024
	$000	$000	**$000**	$000
Deferred tax				
Deferred tax relates to the following:				
Deferred tax liabilities comprise of:				
Deferred costs	**-**	-	**-**	(256)
Property, plant and equipment	**-**	4,808	**(4,808)**	828
Right-of-use assets	**-**	13,641	**(13,641)**	6,700
Transfers of deferred tax balances associated with intragroup asset transfers	**-**	-	**20,242**	-
Deferred tax liabilities	**-**	18,449		
Deferred tax assets comprise of:				
Property, plant and equipment	**-**	-	**-**	-
Bed places	**-**	(1,877)	**1,877**	(663)
Deferred costs	**-**	(297)	**297**	(297)
Provisions	**-**	(1,542)	**1,542**	(1,181)
Lease liabilities	**-**	(14,374)	**14,374**	(7,084)
Transfers of deferred tax balances associated with intragroup asset transfers	**-**	-	**(21,452)**	-
Deferred tax assets	**-**	(18,090)		
Net deferred tax liabilities	**-**	359		
Deferred tax income			**(1,569)**	(1,953)
Reconciliation of deferred tax assets, net				
Balance at beginning of year			**359**	2,312
Tax income expense recognised in profit or loss			**(1,842)**	(2,146)
Amounts charged or credited direct to equity ARR			**(1,119)**	841
Deferred tax balances acquired from acquisition			**(640)**	(648)
Transfers of deferred tax balances associated with intragroup asset transfers			**1,210**	-
Deferred tax expense arising from reversal of deferred tax assets			**2,032**	-
Balance at end of year			**-**	359

Notes to the Financial Statements

	2025 $000	2024 $000
6. CASH AND CASH EQUIVALENTS		
Cash at bank	**55,486**	41,112
	55,486	41,112

	2025 $000	2024 $000
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	**842**	961
Other receivables	**65**	45
Carrying amount of trade and other receivables	**907**	1,006

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An impairment assessment is performed at each reporting period using a provision matrix to measure the expected credit loss. Based on this assessment no impairment loss has been recognised in the current year (2024: $nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings $000	Furniture & fittings $000	Plant & equipment $000	Leasehold improvements $000	Construction WIP $000	Total $000
Year ended 30 June 2025						
Movement in carrying amounts						
Balance at beginning of year	35,235	659	1,457	988	5,042	43,381
Additions	50,496	1,018	3,681	36	12,002	67,233
Transfer from CWIP	3,759	16	-	65	(3,840)	-
Transfer from related parties	3,695	4	13	3	-	3,715
Transfer to related parties	(38,602)	(1,315)	(2,213)	(758)	(4,817)	(47,705)
Depreciation	(446)	(209)	(449)	(334)	-	(1,438)
Revaluation loss	(3,894)	-	-	-	-	(3,894)
Impairment construction WIP	-	-	-	-	(4,519)	(4,519)
Balance at end of year	**50,243**	**173**	**2,489**	**-**	**3,868**	**56,773**
Carrying amount at 30 June 2025						
At fair value	51,021	-	-	-	-	51,021
At cost	-	675	3,686	2,421	3,868	10,650
Accumulated depreciation	(778)	(502)	(1,197)	(2,421)	-	(4,898)
	50,243	**173**	**2,489**	**-**	**3,868**	**56,773**
Carrying amount at 30 June 2024						
At fair value	35,567	-	-	-	-	35,567
At cost	-	952	2,205	3,075	5,042	11,274
Accumulated depreciation	(332)	(293)	(748)	(2,087)	-	(3,460)
	35,235	**659**	**1,457**	**988**	**5,042**	**43,381**

Notes to the Financial Statements

Revaluation of land and buildings

The Directors review the value of the Aged Care assets at least at every reporting date. During the year there was a net revaluation loss of $3,894,000 recognised (2024: $2,803,000 revaluation gain). This amount is based on external independent valuation being undertaken by accredited valuers. Refer to note 9 for further information.

All other fixed assets are carried at cost less impairment and depreciated over useful lives of the assets.

Property, plant and equipment pledged as security for liability

Total property, plant and equipment with a carrying amount of $56,773,000 (2024: $43,381,000) are subject to a mortgage over freehold property in favour of Bendigo and Adelaide Bank Limited, National Australia Bank Limited and Commonwealth Bank of Australia for loan advances made to the Group.

9. REVALUATIONS OF NON-CURRENT ASSETS

The Group has obtained an external valuation report to determine the fair value of the operating assets at 30 June 2025. The external valuer has applied either the income approach or direct sales comparison method. Based on this assessment the following revaluation gains and impairment losses were recognised during the period:

Operating assets	Fair value $000	Revaluation gain / (loss) $000
Bexley Nursing Home	9,150	(4,945)
Menaville Nursing Home	9,500	(286)
4/437 Rokeby Rd, Shenton Park land asset	610	75
4 Avenell Rd, Bayswater land asset	750	221
36 Strickland St, South Perth land asset	2,750	350
5A Bickley Crescent, Manning land asset	1,200	46
3 Carlton St, West Leederville land asset	1,480	(165)
7 Carlton St, West Leederville land asset	1,540	303
123 Frederick St, Rockdale land asset	2,150	292
66 Herbert St, Rockdale land asset	2,050	37
111 Belgrade Rd, Wanneroo land asset	3,340	178
	34,520	(3,894)

The revaluation loss of $165,000 in relation to these operating assets has been recognised through the Statement of Profit or Loss and Other Comprehensive Income while the revaluation loss of $3,729,000 has been recognised as a revaluation against the asset revaluation reserve in the Statement of Changes in Equity through Other Comprehensive Income.

	2025 $000	2024 $000
10. INVESTMENT PROPERTIES		
Balance at beginning of year	-	-
Additions arising from business combination (refer to note 24)	44,949	-
Balance at end of year	44,949	-

The investment properties balance arising from the business combination has been initially recognised at fair value based on an external valuation report as of the acquisition date. Subsequent to the initial recognition, investment properties are measured at fair value, with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. The value of investment properties are reviewed at least at every reporting date by external accredited valuers.

Notes to the Financial Statements

	2025 $000	2024 $000
11. LOANS TO RELATED ENTITIES		
Non-current		
Fresh Fields Health and Aged Care Finance Pty Ltd	**-**	32,709
Fresh Fields Management (Mertome Village) Pty Ltd	**516**	516
Fresh Fields Management (WA) No 4 Pty Ltd	**9,226**	9,226
	9,742	42,451

Terms and conditions

These loans are repayable on demand. The directors of the Group have confirmed that they will not demand repayment of the above loans in circumstances where doing so would prevent the above entities from discharging their other obligations as and when they fall due.
Interest on loans is charged at variable rates as agreed between the related entities from time to time.
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	2025 $000	2024 $000
12. LOANS FROM RELATED ENTITIES		
Current		
Fresh Fields Health and Aged Care Finance Pty Ltd	**66,826**	-
Archmont Investments Pty Ltd	**6,861**	5,084
	73,687	5,084

Terms and conditions

These loans are repayable on demand. The directors of the Group have confirmed that they will not demand repayment of the above loans in circumstances where doing so would prevent the above entities from discharging their other obligations as and when they fall due.
Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

	2025 $000	2024 $000
13. GOODWILL		
Balance at beginning of year	**39,801**	14,239
Goodwill arising from business combination (refer to note 24)	**19,466**	25,562
Transfer to related parties (refer to note 23)	**(59,267)**	-
Balance at end of year	**-**	39,801

The goodwill relates to the acquisitions of aged care businesses which is a source of independent cash inflows for the Group. An impairment assessment was conducted using the fair value less cost of disposal methodology utilising an external valuation report. There was no impairment during the year.

Notes to the Financial Statements

14. LEASES

The Group has lease contracts for Land and buildings used in its operations. Leases of land and buildings have lease terms of 20 - 30 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

Right-of-use Assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2025 $000	2024 $000
Opening balance	**45,469**	23,135
Adjustment for repayment revision	**1,566**	1,269
Additions acquired from business combination (refer to note 24)	**10,089**	22,710
Transfer to related parties (refer to note 23)	**(55,200)**	-
Depreciation expense	**(1,924)**	(1,645)
Closing balance	**-**	45,469

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2025 $000	2024 $000
Opening balance	**47,912**	24,299
Adjustment for repayment revision	**1,566**	1,269
Additions acquired from business combination (refer to note 24)	**10,089**	22,710
Transfer to related parties (refer to note 23)	**(59,226)**	-
Accretion of interest	**4,489**	3,814
Payments	**(4,830)**	(4,180)
Closing balance	**-**	47,912
Lease liabilities comprises:		
Current	-	513
Non-current	-	47,399
	-	47,912

	2025 $000	2024 $000
The maturity analysis of future lease liabilities are disclosed below:		
Future lease payments		
- not later than one year	**-**	474
- later than one year but not later than five years	**-**	2,576
- later than five years	**-**	44,862
Aggregate lease expenditure contracted for at balance date	**-**	47,912
Amounts recognised in the statement of profit or loss		
Depreciation expense of right-of-use assets	**1,924**	1,645
Interest expense on lease liabilities	**4,489**	3,814
Total amount recognised in profit or loss	**6,413**	5,459
Amounts recognised in statement of cash flows		
Total cash outflows for leases	**4,830**	4,180

Notes to the Financial Statements

	2025 $000	2024 $000
15. TRADE AND OTHER PAYABLES		
Current		
Trade payables	**798**	2,873
Other payables	**2,804**	2,026
Other payables to related parties	**-**	253
	3,602	5,152
Non-Current		
Other payables	**3,021**	-
	3,021	-

Terms and conditions
Trade payables are non-interest bearing, and are generally on 30 to 60 days terms.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

On 30 June 2025, trade and other payables of $3,178,000 were transferred due to the acquisition of Braemar Cooinda, Braemar House, Braemar Village, Emerald Life Aged Care, Mertome Aged Care, Springhaven Lodge and Villa Dalmacia Aged Care by Fresh Fields Aged Care Pty Ltd (refer to note 23).

Additionally, trade and other payables of $1,416,000 were transferred due to the acquisition of Bexley Aged Care Home, Canberra Aged Care Home, Menaville Nursing Home and Montana Nursing Home by Fresh Fields Aged Care (NSW) No 1 Pty Ltd (refer to note 23).

	2025 $000	2024 $000
16. REFUNDABLE ACCOMMODATION DEPOSITS		
Current residents	**40,106**	90,981
Departed residents	**4,800**	15,319
	44,906	106,300

RADs are non interest bearing deposits made by some residents upon admission to an Aged Care Facility. These deposits fall due when a resident departs a facility and are classified as current liabilities as the Group does not have the unconditional right to defer settlement for at least 12 months after the reporting date.
RAD refunds are guaranteed by the Government under the Accommodation Payment Guarantee Scheme. Under this scheme the Group is required to meet certain prudential requirements, including maintaining sufficient liquidity to refund RADs as they fall due, and providing information to residents regarding use of RAD funds and compliance with prudential standards.
The Group's experience is that RADs are typically replaced by RADs of an equal or greater value as Accommodation Charges increase over time in line with inflation. Given this, the Group considers it unlikely that this balance will be significantly reduced over the next 12 months.

On 30 June 2025, RADs of $89,539,000 were transferred due to the acquisition of Braemar Cooinda, Braemar House, Braemar Village, Emerald Life Aged Care, Mertome Aged Care, Springhaven Lodge and Villa Dalmacia Aged Care by Fresh Fields Aged Care Pty Ltd (refer to note 23).

Additionally, RADs of $59,314,000 were transferred due to the acquisition of Bexley Aged Care Home, Canberra Aged Care Home, Menaville Nursing Home and Montana Nursing Home by Fresh Fields Aged Care (NSW) No 1 Pty Ltd (refer to note 23).

Notes to the Financial Statements

	2025 $000	2024 $000
17. RESIDENT LOAN OBLIGATIONS		
Current		
Resident loan obligations	**35,495**	4,051
	35,495	4,051

Resident loan obligations are amounts payable under occupation rights agreement which confers a right of occupancy to an independent living accommodation unit. The consideration received on the grant of an occupation right agreement is allocated to the resident's loan in full. These loans are non-interest bearing and are payable within 7 days where both an occupation right agreement is terminated and there has been settlement of a new occupation right agreement for the same retirement unit and the proceeds from a new settlement have been received by the Group. Alternatively, the loan is repayable within 45 days of vacant possession. These loans are classified as current liabilities as the Group does not have the right to defer settlement for at least 12 months after the reporting date where the loan is terminated.

The Group holds a contractual right to set-off the deferred management fee receivable on termination of an agreement against the resident's loan to be repaid. Accordingly, the residents' loans are recognised net of the deferred management fee receivable on the balance sheet.

On 30 June 2025, the resident loan obligations of $4,096,000 were transferred to Fresh Fields Aged Care Pty Ltd (refer to note 23).

	2025 $000	2024 $000
18. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Bank loans	-	2,200
	-	2,200
Non-current		
Bank loans	-	34,425
	-	34,425

Bank loans

The Commonwealth Bank of Australia loan is secured by first and second registered fixed and floating charges over the assets and undertakings contained within the specific security pool over which the debt is secured. The maturity date for the facility is 14 November 2025. Interest rates vary for these facilities. These funds are restricted for use within the Group.

On 25 June 2025, the Group entered into a new agreement as part of the refinancing with Bendigo and Adelaide Bank Limited, National Australia Bank Limited and Commonwealth Bank of Australia under the Archmont Consolidated Group. The Commonwealth Bank of Australia loan was fully repaid through this new agreement.

During the year, a loan of $2,000,000 was received from Baron Vanilla Management Pty Ltd for capital expenditures at Emerald Life Aged Care. The loan attracts interest at 9% per annum and matures 5 years from the loan date. This loan was transferred to Fresh Fields Aged Care Pty Ltd as at 30 June 2025 (refer to note 23).

Notes to the Financial Statements

	2025 $000	2024 $000
Financing facilities available		
At reporting date the following financing facilities had been negotiated and were available:		
Total facilities		
- Bank loans	**-**	36,625
	-	36,625
Facilities used at reporting date		
- Bank loans	**-**	36,625
	-	36,625
Facilities unused at reporting date		
- Bank loans	**-**	-
	-	-

	2025 $000	2024 $000
19. PROVISIONS		
Current		
Employee entitlements	**1,226**	5,059
	1,226	5,059
Non-current	**116**	595
Employee entitlements	**116**	595
Employee entitlements comprises:		
Annual leave	**736**	3,749
Long service leave	**606**	1,905
	1,342	5,654

On 30 June 2025, provisions of $5,193,000 were transferred due to the acquisition of Braemar Cooinda, Braemar House, Braemar Village, Emerald Life Aged Care, Mertome Aged Care, Springhaven Lodge and Villa Dalmacia Aged Care by Fresh Fields Aged Care Pty Ltd (refer to note 23).

Additionally, provisions of $2,661,000 were transferred due to the acquisition of Bexley Aged Care Home, Canberra Aged Care Home, Menaville Nursing Home and Montana Nursing Home by Fresh Fields Aged Care (NSW) No 1 Pty Ltd (refer to note 23).

Notes to the Financial Statements

	2025 $	2024 $
20. CONTRIBUTED EQUITY		
Issued and paid up capital		
Fully paid ordinary shares (2 ordinary shares of $1.00 each)	**2**	2
	2	2

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	2025 $000	2024 $000
21. RESERVES		
Asset revaluation reserve	**-**	5,322
	-	5,322

Movement in these reserves are set out in the Statement of Changes in Equity.

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land and buildings. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. The reserve can be used to pay dividends only in limited circumstances.

The reserve was realised on the transfer of nursing homes to Fresh Fields Aged Care (NSW) No 1 Pty Ltd and land assets to Fresh Fields Land No 1 Pty Ltd (refer to note 23).

Notes to the Financial Statements

22. RELATED PARTY DISCLOSURE

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

		Sales to related parties $	Purchases from related parties $	Interest recovered / (paid) $	Amounts owed by related parties $	Amounts owed to related parties $
Entities with a controlling interest over the Company:						
Archmont Investments Pty Ltd	**2025**	**-**	**-**	**-**	**-**	**6,860,884**
	2024	-	-	-	-	5,083,885
Fresh Fields Management (WA) No 4 Pty Ltd	**2025**	**-**	**-**	**-**	**9,226,000**	**-**
	2024	-	-	-	9,226,534	-
Associated entities:						
Fresh Fields Health and Aged Care Finance Pty Ltd	**2025**	**-**	**-**	**-**	**-**	**66,825,868**
	2024	-	-	-	32,708,429	-
Fresh Fields Management (Mertome Village) Pty Ltd	**2025**	**-**	**-**	**-**	**516,000**	**-**
	2024	-	-	-	516,527	-
Fresh Fields Hospitality Services Pty Ltd	**2025**	**-**	**-**	**-**	**-**	**-**
	2024	-	1,555,183	-	-	-
Fresh Fields Administration & Empl Services Pty Ltd	**2025**	**-**	**2,000,000**	**-**	**-**	**-**
	2024	-	1,500,000	-	-	-
Fresh Fields Aged Care Pty Ltd	**2025**	**-**	**7,855,743**	**-**	**-**	**-**
	2024	-	1,381,733	-	-	252,790
Total	**2025**	**-**	**9,855,743**	**-**	**9,742,000**	**73,686,752**
Total	2024	-	4,436,916	-	42,451,490	5,336,675

The ultimate parent

Varna Pty Ltd as trustee for The Hall & Prior Nursing Home Group Unit Trust is considered the ultimate parent as it controls 100% of the ordinary shares of the Group through a 100% owned subsidiary.

The parent

Fresh Fields Management (WA) No 4 Pty Ltd holds all of the ordinary shares of the Group.

Subsidiary entities

On 24 April 2023, the Company acquired 100% of issued share capital in Melville Health, Aged and Community Care (WA) Pty Ltd from Fresh Fields (WA) Pty Ltd, a related entity. This entity, together with Fresh Fields Management (NSW) No 2 Pty Ltd forms the consolidated financial statements.

On 30 June 2025, the Company disposed of 100% the issued share capital in Melville Health, Aged and Community Care (WA) Pty Ltd to Fresh Fields (WA) Pty Ltd, a related entity. As a result, the Company no longer holds any subsidiary entities.

Associated entities

The entities listed below are considered associated entities as they share either the same parent or ultimate parent or both.

Archmont Investments Pty Ltd
Danvero Pty Ltd
Fresh Fields (NSW) Pty Ltd
Fresh Fields (QLD) Pty Ltd
Fresh Fields (WA) Pty Ltd
Fresh Fields Administration & Employment Services Pty Ltd

Notes to the Financial Statements

Associated entities (Cont.)
Fresh Fields Aged Care (NSW) No 1 Pty Ltd
Fresh Fields Aged Care (QLD) Pty Ltd
Fresh Fields Aged Care Pty Ltd
Fresh Fields Building Services Pty Ltd
Fresh Fields Developments Pty Ltd
Fresh Fields Health and Aged Care Finance Pty Ltd
Fresh Fields Hospitality Services Pty Ltd
Fresh Fields Land No 1 Pty Ltd
Fresh Fields Land No 2 Pty Ltd
Fresh Fields Management (Mertome Village) Pty Ltd
Fresh Fields Management (NSW) Pty Ltd
Fresh Fields Management (WA) No 3 Pty Ltd
Fresh Fields Management (WA) Pty Ltd
Fresh Fields Management Pty Ltd
Great Southern Care Company Pty Ltd
Hamersley Nursing Home (WA) Pty Ltd
Karingal Green Health, Aged and Community Care (WA) Pty Ltd
Kelmscott Health, Aged and Community Care (WA) Pty Ltd
Kogarah Health, Aged and Community Care (NSW) Pty Ltd
Melville Health, Aged and Community Care (WA) Pty Ltd
The Brookton Valley Aged Care Unit Trust (trustee Danvero Pty Ltd)
White Oak Home Care Services Pty Ltd
Laurel Wood Pty Ltd

Nature of transactions with related parties
Sales to and purchases from related parties are made at the following terms:

- Fresh Fields Health and Aged Care Finance Pty Ltd is a Group finance company and so interest is payable to this company in respect of the Group's share of Group finance costs.
- Archmont Investments Pty Ltd is the head entity in the tax consolidated group.
- Fresh Fields Administration & Employment Services Pty Ltd invoiced the Group for the transaction fees of acquisitions.
- Fresh Fields Aged Care Pty Ltd (FFAC) invoiced the Group for operational support fees on behalf of Fresh Fields Administration & Employment Services. Purchases from FFAC are also for catering and laundry services.

Key management personnel disclosure
Details of Key Management Personnel
Directors and Executives

Mr Graeme Prior AM	Chairman, Chief Executive Officer
Mr Michael Hall	Director
Ms Kausalia Apparao	Chief Financial Officer

	2025	2024
	$	**$**
Compensation of key management personnel		
Short term employee benefits	**270,041**	163,572

Impairment assessment

At each reporting date, management assess on a forward looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For loan receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a result of the assessment carried out for the year ended 30 June 2025, the Group has not recorded any expected credit losses relating to amounts owed by related parties.

Notes to the Financial Statements

23. TRANSFER TO RELATED COMPANY

Transfer of nursing homes to Fresh Fields Aged Care (NSW) No 1 Pty Ltd

On 30 June 2025, the Group disposed of all the assets and liabilities of Bexley Aged Care Home, Canberra Aged Care Home, Menaville Nursing Home and Montana Nursing Home to Fresh Fields Aged Care (NSW) No 1 Pty Ltd, a related entity.

The book value of these assets and liabilities disposed are as shown below. These transfers were settled through intercompany loans.

Fair value recognised	**Fresh Fields Aged Care (NSW) No 1 $000**
Assets	
Cash and cash equivalents	**10**
Trade and other receivables	**345**
Prepayments	**6**
Rent deposits	**468**
Property, plant and equipment	**19,967**
Goodwill	**27,191**
Right-of-use assets	**17,967**
Total assets disposed	**65,954**
Liabilities	
Trade and other payables	**1,416**
Refundable accommodation deposits	**59,314**
Lease liabilities	**18,914**
Provisions	**2,661**
Total liabilities disposed	**82,305**
Tax consequence from the sale	**1,518**
Net liabilities disposed	**17,869**

Notes to the Financial Statements

Transfer of nursing homes to Fresh Fields Aged Care Pty Ltd

On 30 June 2025, the Group disposed of all the assets and liabilities of Braemar Cooinda, Braemar House, Braemar Village, Emerald Life Aged Care, Mertome Aged Care, Springhaven Lodge and Villa Dalmacia Aged Care to Fresh Fields Aged Care Pty Ltd, a related entity.

The book value of these assets and liabilities disposed are as shown below. These transfers were settled through intercompany loans.

Fair value recognised	Fresh Fields Aged Care $000
Assets	
Cash and cash equivalents	**8**
Trade and other receivables	**1,533**
Inventories	**39**
Prepayments	**39**
Rent deposits	**1,197**
Property, plant and equipment	**5,515**
Goodwill	**32,076**
Right-of-use assets	**37,233**
Total assets disposed	**77,640**
Liabilities	
Trade and other payables	**3,178**
Refundable accommodation deposits	**89,539**
Interest bearing loans and borrowings	**2,000**
Lease liabilities	**40,312**
Resident loan obligations	**4,096**
Deferred grant income	**41**
Provisions	**5,193**
Total liabilities disposed	**144,359**
Tax consequence from the sale	**3,101**
Net liabilities disposed	**63,618**

Notes to the Financial Statements

Transfer of land assets to Fresh Fields Land No 1 Pty Ltd

On 30 June 2025, the Group disposed of all its land assets to Fresh Fields Land No 1 Pty Ltd, a related entity. The book values of these assets are shown below. These transfers were settled through intercompany loans.

	Fresh Fields Land
Fair value recognised	**$000**
Assets	
Property, plant and equipment	**15,873**
Total assets disposed	**15,873**
Tax consequence from the sale	**348**
Net assets disposed	**15,525**

Sale of issued share capital of Melville Health, Aged and Community Care (WA) Pty Ltd

On 30 June 2025, the Group disposed of 100% the issued share capital in Melville Health, Aged and Community Care (WA) Pty Ltd to Fresh Fields (WA) Pty Ltd, a related entity for $2.00. The value of the assets and liabilities disposed are as shown below.

	Melville
Fair value recognised	**$000**
Assets	
Property, plant and equipment	**6,350**
Total assets disposed	**6,350**
Liabilities	
Trade and other payables	**120**
Loan from related parties	**6,087**
Total liabilities disposed	**6,207**
Tax consequence from the sale	**143**
Net assets disposed	**-**

Notes to the Financial Statements

24. BUSINESS COMBINATION

Purchase of Springhaven Lodge from Shire of Kojonup

On 14 October 2024, the Group acquired the business including assuming all the assets and liabilities and leased the land and buildings of Springhaven Lodge from Shire of Kojonup. The value of the assets and liabilities acquired and assumed are as shown below.

Fair value recognised on acquisition	Springhaven Lodge $000
Assets	
Property, plant and equipment	**174**
Right-of-use assets[1]	**678**
Deferred tax assets	**34**
Total assets acquired	**886**
Liabilities	
Refundable accommodation deposits	**3,111**
Lease liabilities[1]	**678**
Provisions	**112**
Total liabilities acquired	**3,901**
Total identifiable net liabilities acquired	**3,015**
Provisional goodwill[2] on acquisition	**24**
Purchase consideration transferred	**2,991**

[1] The Company measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

[2] Goodwill amount disclosed above arose from the rights to operate a nursing home asset attached to the nursing home acquired and the residents taken over as part of the acquisition.

Notes to the Financial Statements

Purchase of Canberra Aged Care Home from Bunyundah Nominees Pty Ltd

On 4 November 2024, the Group acquired the business including assuming all the assets and liabilities and leased the land and buildings of Canberra Aged Care Home from Bunyundah Nominees Pty Ltd. The value of the assets and liabilities acquired and assumed are as shown below.

Fair value recognised on acquisition	Canberra Aged Care Home $000
Assets	
Prepayments	**9**
Property, plant and equipment	**172**
Right-of-use assets[1]	**9,411**
Deferred tax assets	**228**
Total assets acquired	**9,820**
Liabilities	
Refundable accommodation deposits	**19,623**
Lease liabilities[1]	**9,411**
Provisions	**760**
Total liabilities acquired	**29,794**
Total identifiable net liabilities acquired	**19,974**
Provisional goodwill[2] on acquisition	**19,442**
Purchase consideration transferred	**532**

[1] The Company measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

[2] Goodwill amount disclosed above arose from the rights to operate a nursing home asset attached to the nursing home acquired and the residents taken over as part of the acquisition.

Notes to the Financial Statements

Purchase of Blue Haven from Kiama Municipal Council

On 1 April 2025, the Group acquired the business including assuming all the assets and liabilities of Blue Haven Bonaira and Blue Haven Bonaira Retirement Village and Care Home from Kiama Municipal Council. The value of the assets and liabilities acquired and assumed are as shown below.

Fair value recognised on acquisition	Blue Haven $000
Assets	
Prepayments	92
Property, plant and equipment	52,920
Investment properties	44,949
Deferred tax assets	378
Total assets acquired	98,339
Liabilities	
Departed refundable accommodation deposits	3,900
Refundable accommodation deposits	39,941
Contract liabilities	59
Resident loan obligations	35,569
Provisions	1,259
Total liabilities acquired	80,728
Total identifiable net assets acquired	17,611
Provisional purchase gain	4,339
Purchase consideration transferred	13,272

25. AUDIT FEES

The auditor of the Group is Ernst & Young Australia. Fees related to the audit of the Group are paid by the ultimate parent on its behalf and unable to be allocated.

26. SUBSEQUENT EVENTS

No other matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of Fresh Fields Management (NSW) No 2 Pty Ltd, the results of those operations or the state of affairs of Fresh Fields Management (NSW) No 2 Pty Ltd in subsequent years that is not otherwise disclosed in the financial statements.

Directors' Declaration

For the year ended 30 June 2025

In accordance with a resolution of the directors of Fresh Fields Management (NSW) No 2 Pty Ltd (the Company), I state that:

In the opinion of the directors:

a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001,* including:

   i. Give a true and fair view of the Company's financial position as at 30 June 2025 and of its performance for the year ended on that date; and

   ii. Comply with Australian Accounting Standards - *Simplified Disclosures.*

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Graeme Prior AM
Managing Director

Perth
29 October 2025

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Independent auditor's report to the members of Fresh Fields Management (NSW) No 2 Pty Ltd

Opinion

We have audited the financial report of Fresh Fields Management (NSW) No 2 Pty Ltd (the Company), and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2025 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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.

Shape the future
with confidence

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 Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Group's internal control

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

Shape the future with confidence

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

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

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

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
Perth
Auditor Registration Number: 490485
29 October 2025