



HALL & PRIOR
Health & Aged Care Group

KOGARAH HEALTH, AGED AND COMMUNITY CARE (NSW) PTY LTD

ABN 98 167 609 083



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 financial statements of Kogarah Health, Aged and Community Care (NSW) Pty Ltd (the Company) 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 activity of the Company during the year ended 30 June 2025 was the provision of residential aged care services.

REVIEW OF OPERATIONS

Occupancy at the Company's aged care home averaged 91.9% (2024: 78.8%) for the year and ended the year at 93.2% (2024: 96.5%). The home has 111 beds.

QUALITY AND SAFETY COMPLIANCE

During the year, the Company operated Georges Estate (Residential Aged Care Service ID 1112). This was the only service that the Company operated during the year. The Company's National Approved Provider System ID is 5868.

Georges Estate had non-compliances in 2/42 requirements from the previous financial year. Remediation actions were in place. The service was confirmed to return to full compliance following an unannounced assessment contact in July 2024. The service was subject to a further unannounced assessment contact in February 2025 with no further non-compliances identified.

Based on the above, the Directors are of the view that the Company was compliant with all relevant Commonwealth Approved Provider requirements at all times during the year.

RESULTS AND DIVIDENDS

The Company recorded a net loss after tax for the year ended 30 June 2025 of \$3,245,000 (2024: loss \$3,402,000) with an increase in revenue from contracts with customers of \$3,472,000 to \$18,315,000.

The increase in revenue is primarily due to the growth in occupancy of Georges Estate Nursing Home.

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

Directors' Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year other than those disclosed in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

FUTURE DEVELOPMENTS AND RESULTS

The Company will continue operations of the aged care facility and to develop plans for more residential beds and community hubs. The Directors expect the Company's results to continue to improve.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company 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 Company indemnifies its Directors and executive officers against liability incurred in their capacity as directors or officers of the Company 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 Company.

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;
- 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.

Directors' Report (continued)

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company 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.

Signed in accordance with a resolution of the Directors.



Graeme Prior AM
Managing Director

Perth
27 October 2025

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	18,315	14,843
Other income	4	5,220	3,525
Salaries and employee benefits expense		(11,958)	(9,952)
Administration costs		(2,203)	(1,768)
Operating costs		(3,174)	(2,449)
Depreciation expense	8, 11	(3,682)	(3,648)
Impairment loss on non-current assets	8	(1,955)	-
Finance income - interest		372	177
Finance cost - interest		(5,576)	(5,513)
LOSS BEFORE TAX		(4,641)	(4,785)
Tax income benefit	5	1,396	1,383
NET LOSS AFTER TAX FOR THE YEAR		(3,245)	(3,402)
OTHER COMPREHENSIVE INCOME			
Revaluation of land and buildings net of tax		12,901	-
Other comprehensive income for the year		12,901	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		9,656	(3,402)

Statement of Financial Position

As at 30 June 2025

	Notes	2025 \$000	2024 \$000
CURRENT ASSETS			
Cash and cash equivalents	6	9,550	8,508
Trade and other receivables	7	75	185
Inventories		52	53
Prepayments		6	14
TOTAL CURRENT ASSETS		9,683	8,760
NON-CURRENT ASSETS			
Rent deposits		3	-
Property, plant and equipment	8	82,461	67,146
Right-of-use assets	11	1,852	1,970
Loans to related entities	9	7,615	7,382
Deferred tax assets	5	908	801
TOTAL NON-CURRENT ASSETS		92,839	77,299
TOTAL ASSETS		102,522	86,059
CURRENT LIABILITIES			
Trade and other payables	12	1,829	3,548
Refundable accommodation deposits	13	81,415	61,522
Interest bearing loans and borrowings	14	-	5,736
Lease liabilities	11	77	63
Provisions	15	804	499
Loans from related entities	10	4,939	15,387
TOTAL CURRENT LIABILITIES		89,064	86,755
NON-CURRENT LIABILITIES			
Lease liabilities	11	2,065	2,083
Provisions	15	81	37
Deferred tax liabilities	5	10,113	5,641
TOTAL NON-CURRENT LIABILITIES		12,259	7,761
TOTAL LIABILITIES		101,323	94,516
NET ASSETS / (LIABILITIES) ATTRIBUTABLE TO SHAREHOLDERS		1,199	(8,457)
EQUITY			
Contributed equity	16	-	-
Reserves	17	21,361	8,460
Accumulated losses		(20,162)	(16,917)
TOTAL EQUITY		1,199	(8,457)

Statement of Changes in Equity

For the year ended 30 June 2025

	Contributed Equity \$000	Revaluation Reserve \$000	Accumulated Losses \$000	Total \$000
30 June 2023	-	8,460	(13,515)	(5,055)
Loss for the year	-	-	(3,402)	(3,402)
Total comprehensive income	-	-	(3,402)	(3,402)
30 June 2024	-	8,460	(16,917)	(8,457)
Loss for the year	-	-	(3,245)	(3,245)
Revaluation of land and buildings (net of tax)	-	12,901	-	12,901
Other comprehensive income	-	12,901	-	12,901
Total comprehensive income	-	12,901	(3,245)	9,656
30 June 2025	-	21,361	(20,162)	1,199

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	18,484	15,017
Payments to suppliers and employees	(18,697)	(13,207)
Proceeds from refundable accommodation deposits	31,628	39,111
Refunds of refundable accommodation deposits	(11,735)	(8,233)
Interest received	372	177
Interest paid	(415)	(889)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19,637	31,976
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(191)	(201)
Construction work in progress	(2,138)	(313)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,329)	(514)
CASH FLOWS FROM FINANCING ACTIVITIES		
Rent deposits	(3)	-
Repayment of borrowings	(5,736)	(25,793)
Payment of principal portion of lease liabilities	(79)	(123)
Loans to related parties	(10,448)	(350)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(16,266)	(26,266)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	1,042	5,196
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,508	3,312
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,550	8,508

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of Kogarah Health, Aged and Community Care (NSW) Pty Ltd (the Company) for the year ended 30 June 2025 was authorised for issuance in accordance with a resolution of the Directors on 27 October 2025.

Kogarah Health, Aged and Community Care (NSW) 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 activity of the Company during the year ended 30 June 2025 was the provision of residential aged care services.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The 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 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), unless otherwise stated.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of 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 financial statements to meet the Director's reporting requirements and specific regulatory requirements for the approved provider.

(c) Going concern

As at 30 June 2025, the Company has net current liabilities of \$79,381,000 (2024: \$77,995,000) primarily due to refundable accommodation deposits totalling \$81,415,000 (2024: \$61,522,000) and loans from related entities totalling \$4,939,000 (2024: \$15,387,000) 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 Company 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 equipment and construction work in progress

The carrying values of property, plant and equipment and construction work in progress 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 Company 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, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that includes extension and termination options. The Company 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 Company 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).

The Company included the renewal period as part of the lease term for leases of plant and equipment with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and equipment with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to the Financial Statements

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

Leases - Estimating the incremental borrowing rate

The Company 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 Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Employee entitlements provision

The Company does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Company 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.

(f) Revenue from contracts with customers and other income

Revenue and other income is accounted for as below:

(i) Residential aged care

The Company 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 Company'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 Company'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.

Notes to the Financial Statements

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

Other resident revenue

Other resident revenue represents other fees charged to residents in respect of additional care and accommodation services provided by the Company, 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 days.

(ii) **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.

(g) **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.

(h) **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.

(i) **Leases**

The Company 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.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company 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 Company 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.

Notes to the Financial Statements

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

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.

The Company's 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 plant and equipment as follows:

Asset class useful life	Lease term / Estimated useful life
Land and buildings	30 years
Plant and equipment	8 years

If ownership of the leased asset transfers to the Company 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.

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

(ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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 11).

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

The Company 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.

Company as a lessor

Leases in which the Company 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.

Notes to the Financial Statements

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

(j) 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.

(k) Trade and other receivables

A receivable represents the Company'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 (v) Financial Assets - initial recognition and subsequent measurement.

(l) 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
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 recognised in the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Notes to the Financial Statements

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

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.

(m) Trade and other payables

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

(n) 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.

(o) 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, superannuation, 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 Company 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.

Notes to the Financial Statements

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

Classification

Liabilities for employee benefits where the Company 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 Company 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.

(p) Provisions

Provisions are recognised when the Company 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.

Where the Company 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.

(q) 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 Company receives a financing benefit, being non-cash consideration, in the form of an interest free loan. Under AASB 16 Leases (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.

Notes to the Financial Statements

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

(r) 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.

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.

Notes to the Financial Statements

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

(s) 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.

(t) Contributed equity

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

(u) 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.

(v) 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company 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 Company'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 Company commits to purchase or sell the asset.

Notes to the Financial Statements

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

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

Financial assets at amortised cost (debt instruments)

The Company 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 Company'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 Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Company 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 Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

Notes to the Financial Statements

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

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Company has retained.

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 Company could be required to repay.

(w) 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 Company'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 Company 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 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced 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.

Notes to the Financial Statements

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

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.

(x) Commitment of financial support

The Company is a member of The Hall & Prior Nursing Home Group Unit Trust (the Group). The Group has agreed to provide financial support to allow the Company 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 MANAGEMENT, OBJECTIVES AND POLICIES

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

The Company and key financial risks are managed at a 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 Group's bankers to 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 Company from discharging its other obligations as and when they fall due. Accordingly, management of financial risks for the Company is directly linked to the Group's financial risk management.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the 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 Company's exposure to market interest rates relates primarily to the Company's debt obligations.

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

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 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 Company, which comprise cash and cash equivalents, trade and other receivables. The Company'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 Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

It is the Company'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.

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

Liquidity risk

The Group has established 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	10,887	8,905
Residential basic daily fee revenue	3,050	2,504
Other resident revenue	4,378	3,434
Total revenue	18,315	14,843
¹ Revenue is recognised over time from aged care services.		
Other income		
Other resident services	59	56
Deemed interest from refundable accommodation deposits	5,161	3,416
Income from COVID-19 grants	-	53
Total other income	5,220	3,525
	2025 \$000	2024 \$000
5. INCOME TAX		
The major components of income tax are:		
Statement of profit or loss		
<i>Current income tax</i>		
Current income tax charge	(225)	(751)
Adjustment in respect of prior years	(7)	31
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(1,166)	(656)
Adjustment in respect of prior years	2	(7)
Income tax benefit reported in the statement of comprehensive income	(1,396)	(1,383)
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 loss before income tax	(4,641)	(4,785)
At the Company's statutory income tax rate of 30%	(1,392)	(1,436)
Adjustment in respect of prior years	(5)	24
Non allowable income for income tax purposes	1	29
Income tax benefit reported in the statement of comprehensive income	(1,396)	(1,383)

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 \$000	2024 \$000	2025 \$000	2024 \$000
Deferred tax				
Deferred tax relates to the following:				
<i>Deferred tax liabilities comprise of:</i>				
Property, plant and equipment	9,557	5,073	4,484	(591)
Right-of-use assets	556	568	(12)	(29)
Deferred tax liabilities	10,113	5,641		
<i>Deferred tax assets comprise of:</i>				
Provisions	(265)	(161)	(104)	(59)
Lease liabilities	(643)	(640)	(3)	16
Deferred tax assets	(908)	(801)		
Net deferred tax liabilities	9,205	4,840		
Deferred tax expense / (income)			4,365	(663)
Reconciliation of deferred tax liabilities, net				
Balance at beginning of year			4,840	5,503
Tax income recognised in profit or loss			(1,164)	(663)
Amounts charged or credited direct to equity ARR			5,529	-
Balance at end of year			9,205	4,840
			2025 \$000	2024 \$000
6. CASH AND CASH EQUIVALENTS				
Cash at bank			9,550	8,508
			9,550	8,508
			2025 \$000	2024 \$000
7. TRADE AND OTHER RECEIVABLES				
Trade receivables			75	185
Carrying amount of trade and other receivables			75	185

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Plant & equipment	Furniture & fittings	Leasehold Improvements	Construction WIP	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2025						
Movement in carrying amounts						
Balance at beginning of year	64,240	794	1,796	-	316	67,146
Additions	12	68	59	52	2,138	2,329
Transfer from ROU	-	78	-	-	-	78
Transfer from CWIP	203	-	-	-	(203)	-
Depreciation	(2,890)	(299)	(378)	-	-	(3,567)
Revaluation gain	18,430	-	-	-	-	18,430
Impairment CWIP	-	-	-	-	(1,955)	(1,955)
Balance at end of year	79,995	641	1,477	52	296	82,461
Carrying amount at 30 June 2025						
At fair value	90,769	-	-	-	-	90,769
At cost	-	1,612	2,792	52	296	4,752
Accumulated depreciation	(10,774)	(971)	(1,315)	-	-	(13,060)
	79,995	641	1,477	52	296	82,461
Carrying amount at 30 June 2024						
At fair value	72,124	-	-	-	-	72,124
At cost	-	1,466	2,733	-	316	4,515
Accumulated depreciation	(7,884)	(672)	(937)	-	-	(9,493)
	64,240	794	1,796	-	316	67,146

Revaluation of land and buildings

The Directors review the value of the Aged Care assets at least at every reporting date. During the year a revaluation gain of \$18,430,000 was recognised (2024: \$nil). The revaluation gain has been recognised as a revaluation against the asset revaluation reserve in the Statement of Changes in Equity through Other Comprehensive Income. All other fixed assets are carried at cost less impairment and depreciation over useful lives of the assets.

All other fixed assets are carried at cost 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 \$82,461,000 (2024: \$67,146,000) are subject to a mortgage over freehold property in favour of Bendigo and Adelaide Bank Ltd and Australian, National Australia Bank Limited and Commonwealth Bank of Australia for loan advances made to Fresh Fields Health & Aged Care Finance Pty Ltd.

Notes to the Financial Statements

	2025 \$000	2024 \$000
9. LOANS TO RELATED ENTITIES		
Non-current		
Archmont Investments Pty Ltd	7,615	7,382
	<u>7,615</u>	<u>7,382</u>

Terms and conditions

These loans are repayable on demand. The directors of the Company 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 receivables, their carrying value is assumed to approximate their fair value.

	2025 \$000	2024 \$000
10. LOANS FROM RELATED ENTITIES		
Current		
Fresh Fields Health & Aged Care Finance Pty Ltd	4,939	15,387
	<u>4,939</u>	<u>15,387</u>

Terms and conditions

These loans are repayable on demand. The directors of the above entities 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.

Notes to the Financial Statements

11. LEASES

The Company has lease contracts for land and buildings and plant & equipment used in its operations. Leases of land and buildings generally have lease terms between 5 and 20 years and plant & equipment including motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Right-of-use Assets

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

	Land \$000	Motor Vehicles \$000	Total \$000
As at 1 July 2024	1,892	78	1,970
Additions	75	-	75
Transfer to PPE	-	(78)	(78)
Depreciation expense	(115)	-	(115)
As at 30 June 2025	1,852	-	1,852
As at 1 July 2023	1,991	125	2,116
Transfer to PPE	-	(39)	(39)
Depreciation expense	(99)	(8)	(107)
As at 30 June 2024	1,892	78	1,970

Lease liabilities

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

	2025 \$000	2024 \$000
Opening balance	2,146	2,269
Additions	75	-
Accretion of interest	126	127
Payments	(205)	(250)
Closing balance	2,142	2,146
<i>Lease liabilities</i>		
Current	77	63
Non-current	2,065	2,083
	2,142	2,146
The maturity analysis of future lease liabilities are disclosed below:		
Future lease payments		
- not later than one year	77	63
- later than one year but not later than five years	310	251
- later than five years	1,755	1,832
Aggregate lease expenditure contracted for at balance date	2,142	2,146
Amounts recognised in the statement of profit or loss		
Depreciation expense of right-of-use assets	115	107
Interest expense on lease liabilities	126	127
Total amount recognised in profit or loss	241	234
Amounts recognised in statement of cash flows		
Total cash outflows for leases	205	250

Notes to the Financial Statements

	2025 \$000	2024 \$000
12. TRADE AND OTHER PAYABLES		
Trade payables	315	489
Other payables	1,514	1,966
Other payables to related parties	-	1,093
	1,829	3,548

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.

	2025 \$000	2024 \$000
13. REFUNDABLE ACCOMMODATION DEPOSITS		
Current residents	70,565	54,592
Departed residents	10,850	6,930
	81,415	61,522

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 Company 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 Company 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 Company'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 Company considers it unlikely that this balance will be significantly reduced over the next 12 months.

The Company recorded an increase of \$19,892,000 in RAD primarily due to the growth in occupancy of Georges Estate Nursing Home.

Notes to the Financial Statements

	2025 \$000	2024 \$000
14. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Related party loans - secured	-	5,736
	<u>-</u>	<u>5,736</u>
<i>Secured finance</i>		
The facility with the Fire and Emergency Services Superannuation Board (FESS) was refinanced on 17 November 2023 with an interest rate of 6.5%. Repayment was variable and based on RAD collection. The loan was fully repaid on 3 October 2024.		
	2025 \$000	2024 \$000
Financing facilities available		
At reporting date the following financing facilities had been negotiated and were available:		
Total facilities		
- Secured finance - FESS	-	5,736
	<u>-</u>	<u>5,736</u>
Facilities used at reporting date		
- Secured finance - FESS	-	5,736
	<u>-</u>	<u>5,736</u>
Facilities unused at reporting date		
- Secured finance - FESS	-	-
	<u>-</u>	<u>-</u>
	2025 \$000	2024 \$000
15. PROVISIONS		
Current		
Employee entitlements	804	499
	<u>804</u>	<u>499</u>
Non-current		
Employee entitlements	81	37
	<u>81</u>	<u>37</u>
<i>Employee entitlements comprises:</i>		
Annual leave	778	467
Long service leave	107	69
	<u>885</u>	<u>536</u>

Notes to the Financial Statements

	2025 \$	2024 \$
16. CONTRIBUTED EQUITY		
Issued and paid up capital		
Fully paid ordinary shares (2 ordinary shares of \$1.00 each)	2	2
	<u>2</u>	<u>2</u>

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

	2025 \$000	2024 \$000
17. RESERVES		
Asset revaluation reserve	21,361	8,460
	<u>21,361</u>	<u>8,460</u>

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. 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.

18. 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
		\$	\$	\$	\$	\$
<i>Entities with a controlling interest over the Company:</i>						
Archmont Investments Pty Ltd	2025	-	-	-	7,614,739	-
	2024	-	-	-	7,382,467	-
<i>Associated entities:</i>						
Fresh Fields Health and Aged Care Finance Pty Ltd	2025	-	-	-	-	4,939,391
	2024	-	-	-	-	15,386,552
Fresh Fields Aged Care Pty Ltd	2025	-	1,658,329	-	-	-
	2024	-	762,937	-	-	1,092,937
Total	2025	-	1,658,329	-	7,614,739	4,939,391
Total	2024	-	762,937	-	7,382,467	16,479,489

Notes to the Financial Statements

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 (NSW) Pty Ltd holds all of the ordinary shares of the Company.

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 (QLD) Pty Ltd
Fresh Fields (WA) Pty Ltd
Fresh Fields Administration & Employment Services Pty Ltd
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) No 2 Pty Ltd
Fresh Fields Management (NSW) Pty Ltd
Fresh Fields Management (WA) No 3 Pty Ltd
Fresh Fields Management (WA) No 4 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
Laurel Wood Pty Ltd
Kelmscott Health, Aged and Community Care (WA) 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

Nature of transactions with related parties

Sales to and purchases from related parties are made at the following terms:

- Fresh Fields Health & Aged Care Finance Pty Ltd is a Group finance company and so interest is payable to this Company in respect of the Company's share of Group finance costs.
- Archmont Investments Pty Ltd is the head entity in the tax consolidated group.
- Fresh Fields Aged Care Pty Ltd invoiced the Company for operational support fees on behalf of Fresh Fields Administration & Employment Services.

Notes to the Financial Statements

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 \$
<i>Compensation of key management personnel</i>		
Short term employee benefits	63,581	58,354

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 Company 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 Company has not recorded any Expected credit losses relating to amounts owed by related parties.

19. CONTINGENT LIABILITIES

As a result of the Georges Estate nursing home practical completion date not being achieved in accordance with the contractual time frame, the Company lodged a claim with the builder for liquidated damages caused by the delayed completion. The builder also has claims against the Company regarding Superintendent rejected and disputed variation claims and extensions of time. The builder lodged a formal dispute notice under the Main Works Contract and has submitted a Statement of Claim. The Company has lodged its Defence and Counter Claim against the builder.

During the year the arbitration hearing took place which resulted in an interim determination that the Company is liable for a payment of approximately \$1.2 million to the builder. This liability has been recognised in the accounts of the Company as at 30 June 2025.

The matter of the allocation of the fees between the parties has yet to be determined. Based on legal advice, the Directors do not believe there is any actual or contingent liability in respect of these matters and accordingly have made no provision in the accounts of the Company in relation to fees as at 30 June 2025.

20. AUDIT FEES

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

21. SUBSEQUENT EVENTS

No other matters or circumstance has arisen that has significantly affected, or may significantly affect, the operations of Kogarah Health, Aged and Community Care (NSW) Pty Ltd, the results of those operations or the state of affairs of Kogarah Health, Aged and Community Care (NSW) 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 Kogarah Health, Aged and Community Care (NSW) Pty Ltd (the Company), I state that:

In the opinion of the directors;

a) the financial statements and notes of the Company:

- i. Present fairly 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
27 October 2025

Independent auditor's report to the members of Kogarah Health, Aged and Community Care (NSW) Pty Ltd

Opinion

We have audited the financial report of Kogarah Health, Aged and Community Care (NSW) Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 presents fairly, in all material respects, the financial position of the Company as of 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Simplified Disclosures.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the 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.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern



**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.

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.

A stylized, handwritten signature of 'Ernst & Young' in dark blue ink.

Ernst & Young

A stylized, handwritten signature of 'J K Newton' in dark blue ink.

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