Carlisle Health Pty Ltd.

ABN 55 168 006 157

Financial Statements - 30 June 2023

Carlisle Health Pty Ltd.
Contents
As at 30 June 2023

Carlisle Health Pty Ltd.
Directors' report
As at 30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Carlisle Health Pty Ltd. (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors
The following persons were directors of Carlisle Health Pty Ltd. during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kevin Osborn
Craig Farrow
Jason Nagy
Bob Crabbe
Gary Cohen
Loma Avery
Susan Neuhaus (resigned 29/11/22)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of providing radiology services to patients in NSW and Queensland.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $344,092 (30 June 2022: profit of $718,750).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 1 July 2023, Carlisle Health Pty Ltd, acquired the business of Exact Radiology for a total consideration of $32.1m.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
There are 300,000 C-Class unissued shares of Carlisle Health Pty Ltd. under option at the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Carlisle Health Pty Ltd.
Directors' report
As at 30 June 2023

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors

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13 October 2023

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CARLISLE HEALTH PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

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

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (SA)
ABN 38 280 203 274

M.D. King
Partner
Adelaide

Dated this 13th day of October, 2023

Carlisle Health Pty Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Revenue	4	36,140,101	12,727,338
Other income	5	566,326	909,213
Total revenue		36,706,427	13,636,551
Expenses			
Finance costs	6	(1,485,366)	(528,621)
Employee benefits expense		(23,980,232)	(7,563,439)
Depreciation and amortisation expense		(3,722,145)	(1,454,107)
Repairs and maintenance		(1,693,464)	(558,730)
IT expenses		(953,169)	(377,113)
Consumables		(1,143,324)	(484,802)
Other expenses		(2,701,389)	(1,279,028)
Occupancy costs		(386,396)	(124,705)
Acquisition related costs		(686,249)	(794,112)
Total expenses		(36,751,734)	(13,164,657)
Profit/(loss) before income tax (expense)/benefit		(45,307)	471,894
Income tax (expense)/benefit	7	(298,785)	246,856
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Carlisle Health Pty Ltd.		(344,092)	718,750
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Carlisle Health Pty Ltd.		(344,092)	718,750

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Carlisle Health Pty Ltd.
Statement of financial position
As at 30 June 2023

		Consolidated	
	Note	**2023**	**2022**
		$	**$**
Assets			
Current assets			
Cash and cash equivalents	8	7,161,073	5,014,747
Trade and other receivables	9	1,866,469	848,000
Income tax refund due	11	75,009	-
Other assets	12	24,981,622	325,518
Total current assets		34,084,173	6,188,265
Non-current assets			
Other financial assets	13	-	256,201
Property, plant and equipment	14	11,873,265	8,151,755
Right-of-use assets	10	15,166,409	13,256,653
Intangible assets	15	37,590,233	29,386,626
Deferred tax asset	16	1,994,280	1,468,113
Total non-current assets		66,624,187	52,519,348
Total assets		100,708,360	58,707,613
Liabilities			
Current liabilities			
Trade and other payables	17	2,690,456	2,096,181
Borrowings	18	37,862,701	-
Lease liabilities	19	1,816,414	1,257,535
Current tax liability	20	-	131,243
Employee benefits	21	2,198,728	2,198,970
Provisions	22	100,000	-
Total current liabilities		44,668,299	5,683,929
Non-current liabilities			
Borrowings	18	141	16,616,519
Lease liabilities	19	14,464,751	12,543,813
Deferred tax liability	23	2,170,322	1,353,881
Employee benefits	21	111,095	-
Total non-current liabilities		16,746,309	30,514,213
Total liabilities		61,414,608	36,198,142
Net assets		39,293,752	22,509,471
Equity			
Issued capital	24	36,605,588	19,477,215
Unissued shares	25	1,460,937	1,460,937
Retained profits		1,227,227	1,571,319
Total equity		39,293,752	22,509,471

The above statement of financial position should be read in conjunction with the accompanying notes

Carlisle Health Pty Ltd.
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	**Issued capital $**	**Unissued Shares $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2021	10,217,159	-	852,569	11,069,728
Profit after income tax benefit for the year	-	-	718,750	718,750
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	718,750	718,750
Transactions with owners in their capacity as owners:				
Issue of shares for acquisition of BR entities	5,460,000	-	-	5,460,000
Issue of incentive shares	25,000	-	-	25,000
Contributions of equity	56	-	-	56
Unissued shares on acquisition of Coastal X-Ray	3,775,000	1,460,937	-	5,235,937
Balance at 30 June 2022	19,477,215	1,460,937	1,571,319	22,509,471

Consolidated	**Issued capital $**	**Unissued Shares $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2022	19,477,215	1,460,937	1,571,319	22,509,471
Loss after income tax expense for the year	-	-	(344,092)	(344,092)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(344,092)	(344,092)
Transactions with owners in their capacity as owners:				
Issue of shares for acquisition of Clearview Medical Imaging Fairfield Pty Ltd	1,980,750	-	-	1,980,750
Issue of shares for acquisition of Exact Radiology	4,147,600	-	-	4,147,600
Contributions of equity	11,000,023	-	-	11,000,023
Balance at 30 June 2023	36,605,588	1,460,937	1,227,227	39,293,752

The above statement of changes in equity should be read in conjunction with the accompanying notes

Carlisle Health Pty Ltd.
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		36,224,978	12,819,877
Payments to suppliers and employees (inclusive of GST)		(31,189,589)	(10,673,627)
Interest received		91,294	800
Interest and other finance costs paid		(1,006,694)	(280,079)
Income taxes paid		(214,763)	(196,728)
Net cash from operating activities	35	3,905,226	1,670,243
Cash flows from investing activities			
Payment for acquisition of Coastal and BR entities		-	(9,777,864)
Payment for acquisition of Clearview Medical Imaging Fairfield	32	(6,636,551)	-
Deposit paid for acquisition of Exact Radiology	12	(20,100,000)	-
Payments for property, plant and equipment		(5,004,799)	(578,650)
Cash acquired in acquisition of BR purchase		-	238,563
Cash acquired in acquisition of Clearview Medical Imaging Fairfield		72,446	-
Net cash used in investing activities		(31,668,904)	(10,117,951)
Cash flows from financing activities			
Proceeds from issue of shares		10,500,023	3,774,895
Proceeds/payments for bank guarantees		256,201	(256,201)
Proceeds from borrowings		21,246,323	8,288,736
Repayment of lease liabilities		(2,092,543)	(832,724)
Net cash from financing activities		29,910,004	10,974,706
Net increase in cash and cash equivalents		2,146,326	2,526,998
Cash and cash equivalents at the beginning of the financial year		5,014,747	2,487,749
Cash and cash equivalents at the end of the financial year	8	7,161,073	5,014,747

The above statement of cash flows should be read in conjunction with the accompanying notes

Carlisle Health Pty Ltd.
Notes to the financial statements
As at 30 June 2023

Note 1. General information

The financial statements cover Carlisle Health Pty Ltd. as a consolidated entity consisting of Carlisle Health Pty Ltd. and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Carlisle Health Pty Ltd.'s functional and presentation currency.

Carlisle Health Pty Ltd. is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office: Direct North Accounting, Level 4, 22 Grenfell Street, Adelaide. SA 5000
Principal place of business: 59 Hill Street, Cabramatta, NSW 2166

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 September 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Going concern
As at 30 June 2023, the consolidated entity had net assets of $39,293,752 (2022: $22,509,471) and a net deficiency of current assets to current liabilities of $10,584,126 (2022: $504,336 surplus).

The deficiency of current assets to current liabilities has arisen due to the classification of the consolidated entity's debt with the Commonwealth Bank of Australia ("CBA") as a current liability given the breach of covenant at 30 June 2023. On 1 July 2023 the consolidated entity was no longer in breach of covenant. On this basis, and without any repayment required against debt, the CBA has formally agreed to not exercise its rights relating to the breach. The breach arose partially due to the significant costs involved in completing the Exact acquisition and due to a delay in the completion of the acquisition post 30 June 2023. On 1 July 2023, the bank debt is considered a non-current liability so there is no net deficit of current assets to current liabilities.

Note 2. Significant accounting policies (continued)

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- Of the $37.9m of bank debt, $16.6m was drawn down on 29 June 2023 for the acquisition of Exact Radiology which settled on 1 July 2023. The finance facility has a term of 2 years from drawdown and repayment term is interest only.
- The cash flow forecast prepared indicate that the consolidated entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.
- At 30 June 2023, the group has cash balances of $7.1m in the bank and $20.1m held in trust.

Accordingly, the Directors are satisfied that the going concern basis of preparation is appropriate and no adjustments to the carrying amounts of assets and liabilities have been made should the consolidated entity not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

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

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Carlisle Health Pty Ltd. ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Carlisle Health Pty Ltd. and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the company has control. The company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the director loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The director recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Medical plant and equipment	10-25%
Computers and office equipment	25%
Furniture and fixtures	10-25%
Leasehold improvements	10%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Preliminary expenses
Costs in relation to preliminary expenses are capitalised as an asset and amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Significant accounting policies (continued)

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 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 on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 4. Revenue

	Consolidated	
	2023	**2022**
	$	**$**
Service fees	36,140,101	12,727,338

Note 5. Other income

	Consolidated	
	2023	**2022**
	$	**$**
Government grants	-	162,336
Other income	475,032	59,090
Gain on bargain purchase	-	686,987
Interest income	91,294	800
Other income	566,326	909,213

Note 6. Finance costs

	Consolidated 2023 $	Consolidated 2022 $
Interest on lease liabilities	478,672	228,743
Interest on borrowings	1,006,694	299,878
	1,485,366	528,621

Note 7. Income tax expense/(benefit)

	Consolidated 2023 $	Consolidated 2022 $
Income tax expense/(benefit)		
Current tax	8,709	219,576
Deferred tax	290,076	(466,432)
Aggregate income tax expense/(benefit)	298,785	(246,856)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	(45,307)	471,894
Tax at the statutory tax rate of 25%	(11,327)	117,974
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenses	7,743	-
Non-temporary differences	343,980	(332,205)
Non-taxable income	-	(32,625)
Technology boost deduction	(41,611)	-
Income tax expense/(benefit)	298,785	(246,856)

Note 8. Cash and cash equivalents

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Cash on hand	254	111
Cash at bank	7,160,819	5,014,636
	7,161,073	5,014,747

Note 9. Trade and other receivables

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Trade receivables	786,152	559,621
GST receivable	560,977	264,446
Sundry debtors	19,340	23,933
Loans receivable - Sagar Trust	500,000	-
	1,866,469	848,000

Note 10. Right-of-use assets

	Consolidated	
	2023	**2022**
	$	**$**
Non-current assets		
Leasehold properties - right-of-use	18,970,167	15,233,859
Less: Accumulated depreciation	(3,803,758)	(1,977,206)
	15,166,409	13,256,653

Additions to the right-of-use assets during the year were $3,897,349 and depreciation charged to profit or loss was $1,834,050. There were downward revaluations of $153,543 due to changes in lease payment.

The consolidated entity leases land and buildings for its radiology practices of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 11. Income tax refund due

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Income tax refund due	75,009	-

Note 12. Other assets

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Prepayments	734,022	325,518
Other deposits (i)	24,247,600	-
	24,981,622	325,518

(i) Deposit paid for the acquisition of Exact Radiology $20,100,000 in cash and $4,147,600 in shares in Carlisle Health Pty Ltd. The deposit was held in the Company's legal advisor's trust account at 30 June 2023.

Note 13. Other financial assets

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Bank deposits	-	256,201

Bank deposits have been pledged as security for property leases.

Note 14. Property, plant and equipment

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Leasehold improvements - at cost	4,195,427	3,081,845
Less: Accumulated depreciation	(283,707)	(122,424)
	3,911,720	2,959,421
Fixtures and fittings - at cost	43,373	39,315
Less: Accumulated depreciation	(18,303)	(13,834)
	25,070	25,481
Motor vehicles - at cost	39,800	39,790
Less: Accumulated depreciation	(10,728)	(817)
	29,072	38,973
Computer equipment - at cost	910,878	300,463
Less: Accumulated depreciation	(306,036)	(149,752)
	604,842	150,711
Medical plant and equipment - at cost	9,548,210	5,692,929
Less: Accumulated depreciation	(2,371,454)	(843,461)
	7,176,756	4,849,468
Low value asset pool - at cost	25,430	1,815
Less: Accumulated depreciation	(5,329)	(785)
	20,101	1,030
Software - at cost	173,279	160,898
Less: Accumulated depreciation	(67,575)	(34,227)
	105,704	126,671
	11,873,265	8,151,755

Note 14. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	**Leasehold improvements** $	**Fixtures & fittings** $	**Motor vehicles** $	**Computer equipment** $	**Medical plant & equipment** $	**Low value asset pool** $	**Software** $	**Total** $
Balance at 1 July 2022	2,959,421	25,481	38,973	150,711	4,849,468	1,030	126,671	8,151,755
Additions	672,713	4,058	-	593,863	3,692,541	29,243	12,381	5,004,799
Additions through business combinations (note 32)	444,000	-	-	-	180,000	-	-	624,000
Disposals	-	-	-	-	(19,194)	-	-	(19,194)
Depreciation expense	(164,414)	(4,469)	(9,901)	(139,732)	(1,526,059)	(10,172)	(33,348)	(1,888,095)
Balance at 30 June 2023	3,911,720	25,070	29,072	604,842	7,176,756	20,101	105,704	11,873,265

Note 15. Intangible assets

	Consolidated 2023 $	**Consolidated 2022** $
Non-current assets		
Goodwill - at cost	37,587,368	29,386,626
Capitalised expenses - at cost	2,865	-
	37,590,233	29,386,626

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Goodwill $	Capitalised Expenses $	Total $
Balance at 1 July 2022	29,386,626	-	29,386,626
Additions	-	2,865	2,865
Additions through business combinations (note 32)	7,932,013	-	7,932,013
Adjustment to purchase price allocation	268,729	-	268,729
Balance at 30 June 2023	37,587,368	2,865	37,590,233

Note 16. Deferred tax asset

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	1,382,198	891,739
Employee benefits	577,455	549,742
Accrued expenses	34,627	26,632
Deferred tax asset	1,994,280	1,468,113

Note 17. Trade and other payables

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Trade payables	1,289,551	889,785
Accrued salaries and wages	981,536	898,043
Accrued expenses	359,433	133,209
GST payable	52,454	93,650
Other payables	7,482	81,494
	2,690,456	2,096,181

Note 18. Borrowings

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Bank loans	37,862,701	-
Non-current liabilities		
Bank loans	-	16,616,377
Related party loans	141	142
	141	16,616,519
	37,862,842	16,616,519

Carlisle Health Pty Ltd breached it's financial covenant at 30 June 2023. As a result of the breach, the loan balances have been classified as current liabilities. On 1 July 2023 Carlisle was no longer in breach of covenant. On this basis, and without any repayment required against debt, the CBA has formally agreed to not exercise its rights relating to the breach. The breach arose partially due to the significant costs involved in completing the Exact acquisition and due to a delay in the completion of the acquisition post 30 June 2023. On 1 July 2023, the bank debt is considered a non-current liability so there is no net deficit of current assets to current liabilities.

Note 19. Lease liabilities

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Lease liability	1,560,230	1,257,535
Onerous lease	256,184	-
	1,816,414	1,257,535
Non-current liabilities		
Lease liability	14,464,751	12,543,813
	16,281,165	13,801,348

Note 20. Current tax liability

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Provision for income tax	-	131,243

Note 21. Employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Annual leave	1,359,820	1,278,807
Long service leave	808,721	899,087
Time in lieu	30,187	21,076
	2,198,728	2,198,970
Non-current liabilities		
Long service leave	111,095	-
	2,309,823	2,198,970

Note 22. Provisions

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Lease make good	100,000	-

Note 23. Deferred tax liability

	Consolidated 2023 $	Consolidated 2022 $
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	1,995,347	1,272,339
Prepayments	174,975	81,542
Deferred tax liability	2,170,322	1,353,881

Note 24. Issued capital

	Consolidated 2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	2	2	2	2
N Class shares - fully paid	40	40	40	40
A Class shares - fully paid	1	1	1	1
B Class shares - fully paid	1,132	1,118	1,141	1,118
C Class shares - fully paid	30,745,406	18,170,588	36,604,404	19,476,054
	30,746,581	18,171,749	36,605,588	19,477,215

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the shares held and provide one vote per share.

N class shares
The N class shares do not entitle the holders to vote or to participate in capital returns, whether on a winding up or otherwise, and no entitlements to dividends.

A class share
The A class shares entitle the holders to certain voting rights only as provided for in Schedule 2 to the constitution and no entitlements to participate in capital returns, whether on a winding up or otherwise, and no entitlements to dividends.

B class shares
The B class shares do not entitle the holders to vote, to participate in capital returns, whether on a winding up or otherwise, or to dividends, but entitle the holders to convert to ordinary shares in certain circumstances, and to a specific return, as provided for in Schedule 3 to the constitution.

C class shares
The C class shares entitle the holders to participate in dividends and capital returns as provided for in Schedule 4 to the constitution. The C class shares have no voting rights.

Note 25. Unissued shares

	Consolidated 2023 $	Consolidated 2022 $
Unissued shares	1,460,937	1,460,937

Unissued shares were granted as a part of of the consideration for the acquisition of Coastal X-Ray Pty Ltd. Shares will be issued upon the occurrence of specific events or five years from acquisition date, whichever is earlier.

Note 26. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 27. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2023	**2022**
	$	**$**
Aggregate compensation	634,023	468,535

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company:

	Consolidated	
	2023	**2022**
	$	**$**
Audit services -		
Audit of the financial statements	41,480	25,000

Note 29. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2023 of $422,079 (2022: $256,201) to various landlords.

Note 30. Related party transactions

Parent entity
Carlisle Health Pty Ltd. is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Key management personnel
Disclosures relating to key management personnel are set out in note 27.

Transactions with related parties
Bob Crabbe is a director of Direct North Advisory. Direct North Advisory was paid $5,500 (2022: $10,00) during the financial year for advisory services provided.

Loma Avery was paid $3,580 (2022: $21,700) during the financial year for consulting services provided.

Jason Nagy was paid $33,636 (2022: nil) during the year for consulting services provided.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $	2022 $
Loss after income tax	(520,636)	(868,446)
Total comprehensive income	(520,636)	(868,446)

Statement of financial position

	Parent	
	2023 $	2022 $
Total current assets	31,254,993	4,144,739
Total assets	73,063,824	26,316,917
Total current liabilities	38,695,334	274,283
Total liabilities	38,914,331	8,775,151
Equity		
Issued capital	36,605,548	19,477,175
Accumulated losses	(2,456,055)	(1,935,409)
Total equity	34,149,493	17,541,766

Contingent liabilities
The parent entity has given bank guarantees as at 30 June 2023 of $422,079 (2022: $256,201) to various landlords.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022

Note 32. Business combinations

On 1st February 2023 Carlisle Health Pty Ltd acquired 100% of the ordinary shares of Clearview Medical Imaging Fairfield Pty Ltd (CMIF), a radiology practice. Total consideration transferred was for $6,636,551 in cash and 1,547,461 shares in Carlisle Health Pty Ltd. The fair value of these shares at 1st February 2023 was $1.28 per share. Expenses in relation to the purchase of CMIF were legal fees and consulting fees. These are included acquisition related costs in the Statement of profit or loss and other comprehensive income.
Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	72,446
Trade receivables	64,545
Other receivables	63,769
Prepayments	13,975
Plant & equipment and leasehold improvements	624,000
Other payables	(33,336)
Employee benefits	(20,111)
Lease make good provision	(100,000)
Net assets acquired	685,288
Goodwill	7,932,013
Acquisition-date fair value of the total consideration transferred	8,617,301
Representing:	
Cash paid to vendor	6,636,551
Carlisle Health Pty Ltd. shares issued	1,980,750
	8,617,301

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Coastal X-Ray Pty Ltd	Australia	100.00%	100.00%
CarlisleCo Pty Ltd (Lakes)	Australia	100.00%	100.00%
Carlisle TrueScan Pty	Australia	100.00%	100.00%
BR Bolsover Pty Ltd	Australia	100.00%	100.00%
BR Bundaberg Radiology Pty Ltd	Australia	100.00%	100.00%
BR Coffs Harbour Pty Ltd	Australia	100.00%	100.00%
BR Hervey Bay Pty Ltd	Australia	100.00%	100.00%
Clearview Medical Imaging Fairfield Pty Ltd	Australia	100.00%	-

Note 34. Events after the reporting period

On 1 July 2023, Carlisle Health Pty Ltd, acquired the business of Exact Radiology for a total consideration of $32.1m.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2023	**2022**
	$	**$**
Profit/(loss) after income tax (expense)/benefit for the year	(344,092)	718,750
Adjustments for:		
Depreciation and amortisation	3,722,145	1,454,107
Gain on bargain purchase	-	(686,987)
Share based payment expense	-	25,000
Other non-cash items	78,288	27,145
Write off of property, plant and equipment	19,194	-
Interest on AASB 16 leases	478,672	228,743
Change in operating assets and liabilities:		
Increase in trade and other receivables	(390,155)	(180,938)
Increase in deferred tax assets	(526,167)	(1,354,526)
Increase in prepayments	(394,529)	(57,945)
Increase in trade and other payables	560,939	658,340
Decrease in provision for income tax	(206,252)	(39,385)
Increase in deferred tax liabilities	816,441	877,939
Increase in employee benefits	90,742	-
Net cash from operating activities	3,905,226	1,670,243

Carlisle Health Pty Ltd.
Directors' declaration
As at 30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

13 October 2023

Carlisle Health Pty Ltd.
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carlisle Health Pty Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards – 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 the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially in consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

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

William Buck

William Buck (SA)
ABN 38 280 203 274

M.D. King
Partner

Adelaide, 13th October 2023