Annual Report 2021

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

NATIONAL PHARMACIES®

Where wonder meets wisdom.

2020/21

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Business Snapshot 2020/21

3,279,500

CUSTOMER VISITS

875

FREE GLASSES

given away under the
Kids Free Glasses Program

61%

FEMALE EMPLOYEES

in management roles

252,000

MEMBERS

$27.5m

MEMBER BENEFIT VALUE

3,258,500

PRESCRIPTIONS DISPENSED

19,840

VACCINATIONS

(not Covid)

850+

EMPLOYEES

across South Australia,
Victoria and New South Wales

9 Yrs

AVERAGE YEARS OF SERVICE

$0

JOBKEEPER PAYMENTS

received for National
Pharmacies stores

11.5+ m

UNITS OF MEDICINES

distributed

68

COMMUNITY ORGANISATIONS

supported

Report of National Pharmacies' Operations for 2020/21

National Pharmacies successfully negotiated a year of pandemic challenge in a continually evolving pharmacy and wellness landscape.

All credit for this achievement goes to our entire team of some 800 frontline and support team members who work passionately in support of our customers.

Paramount to our success in the current environment is our community ethos – community-based stores, community-oriented staff and community support and sponsorships that are valued across the states.

Our achievements and changes in 2020/21 have positioned us to initiate our growth strategy in 2021/22 and pursue it over the next five years.

Our members have the opportunity to be part of this magical event.

COMMUNITY

Community connection and re-engagement were pivotal to our success. We learnt to be more agile in the 'new normal' of COVID living with its shift in consumer behaviour and priorities.

The 2020 Christmas Pageant at Adelaide Oval was a resounding success

SANFL Juniors

Kickstart for Kids against period poverty

At the forefront of our community support initiatives is the annual National Pharmacies Christmas Pageant. Our commitment and capacity to work with all stakeholders including government, health advisors and the community to ensure that the event went ahead 'off street', and for the first time at the Adelaide Oval, delighted our members and the South Australian public.

Our staff were front and centre in the lead-up to and participation in the Pageant, which achieved a positive impact internally with our people and externally with our members, customers and the community. It was a much needed positive boost to the State in a year where many public events could not be held.

Our pinnacle National Pharmacies Christmas Pageant sponsorship is underpinned by a host of local community initiatives that create a level of goodwill and recognition that drives awareness of who we are and advances our mission as a purpose-driven health and wellbeing provider.

It is in times of need such as this that organisations such as ours are measured and perceived.

We maintained our focus and levels of support for valued initiatives such as:

- The South Australian National Football League National Pharmacies Juniors for school children across the State.
- Kickstart for Kids - with $31,000 raised by members, customers and employees, as well as 20 cents on the sale of every bottle of National Pharmacies water.
- The Kickstart for Kids Against Period Poverty program to give young school students menstrual hygiene items and avoid interruption to their education and other activities important to their wellbeing. National Pharmacies stores are the sole product donation collection points and we opened the program with a donation of 1,000 packs of Taboo pads.

These initiatives, together with our support of many other local community organisations, has created a tremendous bank of goodwill.

OPERATIONS

National Pharmacies has provided an essential service to its members and customers during the current pandemic. Staff commitment and leadership enabled National Pharmacies to maintain this service without interruption for the entire year; an excellent achievement of which we are all very proud.

During the last 12 months we have also introduced new services, processes and systems, including home deliveries and expanded online offers, to ensure that we maintained and enhanced our service offering.

A new organisational structure has been implemented to generate a strong and more accountable focus on growing the business, expanding our membership and building more effective teams within the business.

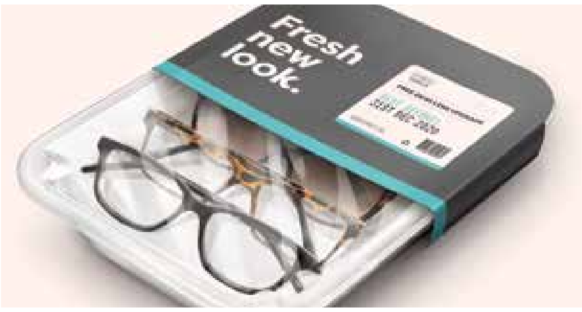
These changes will enable us to respond with agility to the evolving and changing needs of members and customers in the communities that we serve. Central to the changes is a strengthened focus on purpose and efficiency to ensure the business operates more collaboratively and to greater effect.

The new structure is part of an overall reassessment of our business strategy, the goal of which is to create a more purpose-driven and results-focussed National Pharmacies. This will involve everyone in the business as we better align with our strengths and identity.

Consistent with this, we created a new role, General Manager Member and Customer Experience to further improve our offer to members and deliver more value than ever before. Central to this role is a greater emphasis and better responses to what our members and teams tell us about their experiences.

The divestment of three stores during the financial year in locations where there was insufficient customer demand over a long period has been a significant contributor to strategic consolidation. It releases those store licences for future investment and enables us to focus our resources and investments in new and enhanced services.

Investment in our dispensary pricing to provide greater value to members and customers for everyday prescriptions has been very successful with a continued and strong increase in prescription volumes.



Blood pressure checks and optical are amongst the many services we offer.

These services feature:

- Optical
- Health screening tests – blood pressure, weight, cholesterol and blood glucose levels
- Risk assessments for sleep apnoea, cardiovascular disease and diabetes
- A CSIRO-endorsed weight loss program with partner Impromy
- MedsChecks: instore medication reviews and home medication reviews
- Naturopathy services and sale of associated products
- Our pharmacists are administering vaccines in our pharmacies and onsite at business premises
- Home delivery service

This year was challenging for businesses around the world and locally as consumer behaviour varied significantly not only during the pandemic but also as we began to emerge from the pandemic. For National Pharmacies, this was and is an opportunity to re-focus our business to prepare for growth in the years to come. This will be on the back of strong performance over the past year, new services that we have introduced and the upgrades to strategic stores such as Torrensville and Findon in South Australia.

Ian Witton

IAN WITTON

Our longest serving member of the Board of National Pharmacies, Ian Witton, retired in November 2020 after more than 40 years of service. Ian was appointed to the Board in October 1980 and was its Chairman from 1986 to 1991 and Deputy Chairman from 2009 to 2018. Such is the longevity of his service, and the changes that he saw and fostered, that he was on the Board in 1983 to see the revolutionary introduction of computers, the introduction of our optical division in 1990 and our expansion into New South Wales and Victoria in 1998. With the then Chairman, the late Robert Kennedy, Ian was pivotal in gaining and ensuring National Pharmacies' shift from its relationship with the Lifeplan funds management business in 2009 to focus solely on pharmacy, optical and health care. Decoupling from Lifeplan shielded National Pharmacies from the deteriorating global financial situation at that time. It was a period of essential restructuring to equip the business for the future and what we see today. The Board, management and staff of National Pharmacies thank Ian for his devoted service and dedication and wish him well in his well earned retirement.

TRADING RESULTS

The Group continues to focus on driving member value and operational excellence whilst improving profitability. During the period, the COVID-19 pandemic continued to impact with widespread Government restrictions and social changes. The Group experienced some operational adjustments because of the pandemic, including a temporary reduction in activity in our Victorian pharmacies and the requirement for certain staff to work from home to reduce exposure risk. Despite this, overall trading activities were close to budgeted levels and the business has transitioned back to office-based operations.

Revenue during 2020/21 was $258.0 million which was a 2.4% increase on the previous period. Reported underlying earnings from operations was a loss of $2.2 million with corresponding EBIT income of $0.6 million and EBITDA of $11.6 million. Benefits to members over this period were $27.5 million.

The carrying value of goodwill and intangible assets takes into consideration the future profitability of individual pharmacies. The basis for the calculation this period included the expectation that over the five year forecasted period we will realise growth in prescription numbers, and retail and optical sales. The result is that an impairment of $0.8 million (2020: $1.8 million) is required to reduce the carrying value of Goodwill and Intangible Assets held on the Balance Sheet as at 4 July 2021.

The factors outlined above influenced this period's reported net profit after tax, which was a loss of $2.5 million.

Our frontline teams are focussed on caring for their communities.

Prestige offering – Adelaide pharmacy.

The new Torrensville Optical store.

We continue to focus on providing quality products and services.

OUR FUTURE

We will continue to focus on the development of our store network to improve access to better services and products, invest in our "digital assets" to ensure we offer a seamless customer experience and improve the membership offer in order to return greater value to our members.

In a COVID-19 world we must take every opportunity to rapidly transform our business to meet the ever-changing needs and expectations of our customers, partners, and employees. In order to be successful we believe it crucial that we complete a full review of our organisation's purpose, vision, mission and strategic direction to set us on course for future growth. This work has commenced and is due to be completed at the end of 2021. Key to the review is an extensive consultation process with employees, members, customers and business partners.

The FSMA Board and management are proud and extremely grateful for the efforts and performance of our team to produce a much improved business result in 2020/21. Most importantly the care, concern and service provided to members and customers and the wider community continues to be of a very high standard and it is this, we believe, that sees us as one of the most trusted retail pharmacy groups in the country.

P F CARR
Chairman

V. BORRELLO
Chief Executive Officer

Directors' Report

for the 53 Week Period Ended 4 July 2021

The Directors of Friendly Society Medical Association Limited (the Company) and its controlled entities (the Group) submit herewith their report, together with the annual financial report for the 53 week financial period ended 4 July 2021 (2020: 52 week period ended 28 June 2020) and the Independent Auditors Report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

All Directors are members of Friendly Society Medical Association Limited.

The names and particulars of the Directors of the Company during or since the end of the financial period are:

NAME	PARTICULARS
Pauline Fay Carr Non-Executive Chairman BEc, MBA, FAICD, FGIA FCG (CS,CGP)	**Experience and Expertise** Ms Carr is an experienced director and senior executive with extensive commercial, management, compliance and governance expertise acquired over 30 years with international organisations in a range of sectors. She joined the Board of FSMA on 23 September 2013 and was appointed Chairman on 26 March 2018. **Current and Former Directorships in the last 3 Years** Ms Carr is Chancellor of the University of South Australia. She chaired the University's Audit and Risk Management Committee and was a member of its Finance Committee for several years and in addition to chairing the University Council she also presently chairs its Senior Remuneration Committee and Governance and Nomination Committee. Ms Carr is also currently Chairman of the South Australian Government's Minerals and Energy Advisory Council and was for many years a member of the South Australian Minerals and Petroleum Expert Group. She is also a director of ASX listed potash development company, Highfield Resources Limited and chairs its Audit, Business Risk and Compliance Committee and its Remuneration and Nomination Committee. **Responsibilities** Ms Carr is Chairman of the Executive Committee and a member of the People, Culture and Rewards Committee.
Gregory John Connor BEd, SF Fin, FAICD, Life Member and FAIM	**Experience and Expertise** Mr Connor is a Management Consultant and founding Director of VUCA Pty Ltd. He joined the Board on 29 March 2010 as a Non-Executive Director and was appointed Deputy Chairman on 26 March 2018. He has extensive experience in Mutual Organisations, Financial Services, Corporate Governance and Human Resource Management. **Current and Former Directorships in the Last 3 Years** Current Chairman of Auburn & Lidcombe United Friendly Society Pharmacy Board Limited, Deputy Chairman of Bedford Industries and Director of VUCA Pty Ltd. Formerly Chairman of Abacus Australian Mutuals and a director of AIM Australia. **Responsibilities** Mr Connor is Deputy Chairman of the Executive Committee. He is also a member of the Audit and Risk Committee and the People, Culture and Rewards Committee.

NAME	PARTICULARS
Richard Anthony Fountayne England FCA, MAICD	**Experience and Expertise** Mr England has over 25 years' experience as a non-executive director and Chairman of numerous listed and unlisted companies encompassing Financial Services, Banking, Insurance, Healthcare, Innovation, Agribusiness and Infrastructure. Mr England joined the Board on 1 January 2020. **Current and Former Directorships in the Last 3 Years** Currently, Chairman of QANTM Intellectual Property Limited and Hobart International Airport Pty Ltd and a director of HBF Health Limited and Indigenous Art Code Limited. His former directorships include Japara Healthcare Limited, Bingo Industries Limited, Nanosonics Limited and Atlas Arteria Limited. **Responsibilities** Mr England is Chairman of the Audit and Risk Committee and a member of the People, Culture and Rewards Committee.
Linda Maree Heron GAICD, MAHRI, MContempLdship	**Experience and Expertise** Mrs Heron has over 15 years experience as a non-executive director across the private and public sectors. Linda has also held several senior executive roles including Interim Director People and Culture at Flinders University in 2021, establishing the Human Resources function at St Kevin's College in the capacity of Interim Director, Human Resources in 2020 and managing the Human Resources, corporate governance and legal counsel functions at Melbourne Water. She also has extensive retail experience including leading very large operational teams in the Coles Supermarket business and establishing and leading the Organisational Development function within the corporate Human Resources division of ColesMyer. She joined FSMA on 29 March 2010 as a Non-Executive Director. **Current and Former Directorships in the Last 3 Years** Current Non-Executive Director of the Army and Airforce Canteen Service and Chairman of the Audit Committee. Mrs Heron is also the Director of Heron Human Resources, a business she established to provide expert advice to businesses on strategic Human Resources issues including change management, leadership and talent development. **Responsibilities** Mrs Heron is Chairman of the People, Culture and Rewards Committee and a member of the Audit and Risk Committee.

NAME	PARTICULARS
Ian Roy Witton ASAIT, FCPA, FAICD **Retired 30 November 2020**	**Experience and Expertise** Mr Witton joined the Board on 31 October 1980 as a non-executive director and served as President/Chairman from 1986-1991. Mr Witton retired on 30 November 2020 after 40 years of service.

COMPANY SECRETARY

The name and particulars of the Company Secretary are:

Jennifer Ellen Taylor — Appointed Company Secretary on 10 April 2017.

Pauline Carr

Gregory Connor

Richard England

Linda Heron

PRINCIPAL ACTIVITIES AND CHANGES

The Group's principal activities in the course of the financial period were those of Retail Community Pharmacy, Community Service Obligation (CSO) Wholesaler and Optical Dispenser. During or since the financial period there were no significant changes to the principal activities of the Group.

REVIEW OF OPERATIONS

The Group continues to focus on driving member value and operational excellence whilst improving profitability. During the period, the COVID-19 pandemic continued to impact with widespread Government restrictions and social changes. The Group experienced some operational adjustments because of the pandemic, including a temporary reduction in activity in our Victorian pharmacies and the requirement for certain staff to work from home to reduce exposure risk. Despite this, overall trading activities were close to budgeted levels and the business has transitioned back to office-based operations.

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The factors outlined above influenced this period's reported net profit after tax, which was a loss of $2.4 million.

ISSUED CAPITAL

The Company is limited by Shares and Guarantee. At 4 July 2021 and at 28 June 2020, the Company had no issued shares.

The Company is limited by a guarantee of $1 per member. At 4 July 2021, the Company had 144,231 Members (2020: 146,821).

CHANGES IN STATE OF AFFAIRS

Mr Ian Witton retired from the Board of Directors on 30 November 2020.

SUBSEQUENT EVENTS

As a result of the evolving nature of the COVID-19 pandemic and the rapidly evolving Government policies of restrictive measures put in place to contain it, as at the date of these financial statements the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Group.

Other than the current disclosures, there have been no events subsequent to the reporting date which would have a material impact on the Group's 4 July 2021 financial statements.

FUTURE DEVELOPMENTS

National Pharmacies will continue to focus on member value and providing quality products and services to the communities in which we operate. To enable National Pharmacies to respond with agility to the evolving and changing needs of members and customers, a new organisational structure has been implemented. This will generate a strong and more accountable focus on growing the business, expanding our membership and building more effective teams within the business.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, Ms J E Taylor, and all executive officers of the Company and any related body corporate against a liability incurred as such a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer (other than Directors) or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is made on page 18 and forms part of this Directors' Report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise stated.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial period and the number of meetings attended by each director (whilst in their capacity as a director or committee member). During the financial period, 12 Board meetings, 3 Audit and Risk Committee meetings and 4 People, Culture and Rewards Committee meetings were held.

DIRECTORS	BOARD OF DIRECTORS		AUDIT AND RISK COMMITTEE		PEOPLE, CULTURE AND REWARDS COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
P F Carr	12	12	3	#3	4	4
G J Connor	12	12	3	3	4	4
R A F England	12	12	3	3	2	2
L M Heron	12	12	3	3	4	4
I R Witton	5	5	1	1	2	2

# Indicates ex officio attendance at a Committee meeting

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

P F Carr
Chairman

R A F England
Director

Adelaide, 27 September 2021

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Friendly Society Medical Association Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Friendly Society Medical Association Limited for the 53 week period ended 4 July 2021 there have been:

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

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

KPMG

Darren Ball
Partner

Adelaide

27 September 2021

KPMG

Independent Auditor's Report

To the shareholders of Friendly Society Medical Association Limited

Opinion

We have audited the ***Financial Report*** of Friendly Society Medical Association Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 4 July 2021 and of its financial performance for the 53 week period ended on that date; and
- complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 4 July 2021;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the 53-week period then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of Friendly Society Medical Association Limited (the Company) and the entities it controlled at the period end or from time to time during the financial period.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Friendly Society Medical Association Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Darren Ball
Partner

Adelaide

27 September 2021

DIRECTORS' DECLARATION

The Directors of Friendly Society Medical Association Limited (the Company) declare that in their opinion:

a) the Company is not publicly accountable;

b) the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

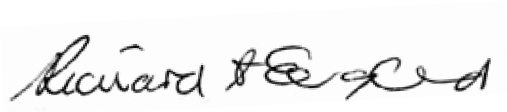
  (i) giving a true and fair view of the financial position of the Group as at 4 July 2021 and of its performance for the financial period ended on that date; and

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and

c) 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 the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



P F Carr
Chairman

R A F England
Director

Adelaide, 27 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 53 Week Period Ended 4 July 2021

	Note	2021 $'000	2020 $'000
Revenue	4(a)	258,030	252,094
Other income	4(b)	726	1,447
Finance costs	4(b)	(3,027)	(2,963)
Other expenses	4(b)	(258,126)	(258,746)
Loss before income tax (expense) / benefit		**(2,397)**	**(8,168)**
Income tax (expense) / benefit	5(a)	36	64
Profit/(Loss) for the period		**(2,361)**	**(8,104)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation		905	72
Income tax on items taken directly to or transferred from equity		(36)	(64)
Other comprehensive gain for the period		869	8
Total comprehensive profit/(loss) for the period		**(1,492)**	**(8,096)**
Profit/(Loss) for the period attributable to:			
Owners of the Company		(2,361)	(8,104)
Non-controlling interests		-	-
		(2,361)	**(8,104)**
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		(1,492)	(8,096)
Non-controlling interests		-	-
		(1,492)	**(8,096)**

Notes to the financial statements are included as pages 26 to 51.

Consolidated Statement of Financial Position as at 4 July 2021

	Note	2021 $'000	2020 $'000
Current Assets			
Cash and cash equivalents	22(a)	1,358	891
Trade and other receivables	7	3,992	3,267
Inventories	8	38,100	40,470
Prepayments		1,791	985
Assets held for sale		592	2,737
Total Current Assets		**45,833**	**48,350**
Non-Current Assets			
Property, plant and equipment	9	95,472	85,843
Goodwill	10	3,298	3,596
Other intangible assets	11	4,390	6,243
Other non current assets		41	71
Deferred tax assets	5(b)	-	-
Total Non-Current Assets		**103,201**	**95,753**
Total Assets		**149,034**	**144,103**
Current Liabilities			
Bank overdraft	22(a)	5,430	2,785
Trade and other payables	12	20,724	30,072
Borrowings	15	8,076	7,400
Other financial liabilities	13	24	27
Provisions	14	7,289	7,069
Total Current Liabilities		**41,543**	**47,353**
Non-Current Liabilities			
Borrowings	15	44,915	32,793
Provisions	14	1,845	1,734
Total Non-Current Liabilities		**46,760**	**34,527**
Total Liabilities		**88,303**	**81,880**
Net Assets		**60,731**	**62,223**
Equity			
Issued capital	16	-	-
Asset Revaluation Reserves	17	10,813	10,344
Retained earnings		49,918	51,879
Total Equity		**60,731**	**62,223**

Notes to the financial statements are included as pages 26 to 51.

Consolidated Statement of Changes in Equity for the 53 Week Period Ended 4 July 2021

	Fully paid ordinary shares $'000	Asset Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2019	-	10,336	66,159	76,495
Impact of transition to AASB 16	-	-	(6,176)	(6,176)
Profit/(Loss) for the period	-	-	(8,104)	(8,104)
Other comprehensive income for the year:				
Loss on property revaluation	-	72	-	72
Tax consequences	-	(64)	-	(64)
Total comprehensive (loss)/income for the year	-	8	(14,280)	(14,272)
Balance at 28 June 2020	**-**	**10,344**	**51,879**	**62,223**
Balance at 29 June 2020	-	10,344	51,879	62,223
Profit/(Loss) for the period	-	-	(2,361)	(2,361)
Other comprehensive income for the year:				
Transfer on property disposal	-	(400)	400	-
Gain on property revaluation	-	905	-	905
Tax consequences	-	(36)	-	(36)
Total comprehensive (loss)/income for the year	-	469	(1,961)	(1,492)
Balance at 4 July 2021	**-**	**10,813**	**49,918**	**60,731**

Notes to the financial statements are included as pages 26 to 51.

Consolidated Statement of Cash Flows
for the 53 Week Period Ended 4 July 2021

	Note	Inflows/ (Outflows) 2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Receipts from customers		258,902	254,689
Payments to suppliers and employees		(263,193)	(252,055)
Member contributions received		7,952	8,124
Interest paid		(239)	(262)
Net Cash from Operating Activities		**3,422**	**10,496**
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(2,724)	(3,151)
Payments for licences		-	(641)
Proceeds from sale of business	22(c)	1,934	1,463
Proceeds from sale of assets		920	-
Interest received		1	24
Net Cash from/(used in) Investing Activities		**131**	**(2,305)**
Cash Flows from Financing Activities			
Proceeds from borrowings		4,000	-
Repayment of borrowings		(1,425)	(9,000)
Payment of lease liabilities		(8,306)	(8,070)
Net Cash used in Financing Activities		**(5,731)**	**(17,070)**
Net increase/(decrease) in cash and cash equivalents held		(2,178)	(8,879)
Cash and cash equivalents at the beginning of the Financial Period		(1,894)	6,985
(Bank overdraft) / Cash and cash equivalents at the end of the Financial Period	22(a)	**(4,072)**	**(1,894)**

Notes to the financial statements are included as pages 26 to 51.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

1. Additional Information

Friendly Society Medical Association Limited (the Company) is a public company, incorporated and operating in Australia.

Registered office and principal place of business

52 Gawler Place
Adelaide SA 5000

2. Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. Refer to Note 3 (iii) for details of changes in accounting policies.

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as Plant and Equipment in the Statement of Financial Position.

The Group analysed this agenda decision and has determined that the impact is not material.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations do not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of the Group.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies

(i) *Statement of Compliance*

The financial report is a general purpose financial report comprising the Company and its subsidiaries (together referred to as the Group) which has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Regime, and complies with other requirements of the law.

The financial report comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 27 September 2021.

(ii) *Basis of Preparation*

The financial report has been prepared on the basis of historical cost, except for the revaluation of freehold land and buildings and derivative financial instruments (interest rate cap). Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors Reports) Instrument 2016/191, and in accordance with the Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

In the application of the Group's accounting policies, as set out below, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Determining whether goodwill is impaired requires an estimation of the higher of fair value less costs to sell or the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset the Group takes into account the characteristics of the asset if market participants would take those characteristics into account when pricing the asset at the measurement date.

The carrying amount of goodwill at 4 July 2021 was $3,298,000 (28 June 2020: $3,596,000). An impairment loss of $298,000 was recognised during 2021 (2020: $1,099,000).

The financial year end for the Group is 4 July 2021 and comprises 53 weeks (2020: 28 June 2020 and comprising 52 weeks).

(iii) *Changes in Accounting Policies from 2021*

The Group has consistently applied the accounting policies set out in Note 3(iv) to all periods presented in these consolidated financial statements.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(iv) *Significant Accounting Policies*

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Trade and Other Payables

Trade and other accounts payable are measured at amortised cost and are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Property Plant and Equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the Group, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Consolidated Statement of Profit or Loss and Other Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis or by diminishing value method, so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation for the current and comparative period are as follows:

- Buildings 30 years
- Leasehold improvements 2-15 years
- Plant and equipment 2.5-33 years

Notes to the Financial Statements for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, time in lieu, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to accumulated benefit superannuation benefit plans are expensed when incurred.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financial activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Goodwill

Under AASB 136 intangibles with indefinite useful lives must be tested annually for impairment.

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the business combination. CGUs to which goodwill has been allocated are tested for impairment annually.

The recoverable amount of the CGU at 30 June 2021 was determined based on a value in use calculation. Value in use was determined using cash flow projections based on financial forecasts approved by the Board.

The discount rate applied to the cash flow projections at 30 June 2021 was based on the consolidated entity's post-tax WACC being 11.20% (2020: 10.66%).

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(g) Income Tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(h) Debt and Equity Instruments

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(i) Inventories

Inventories on hand consist of finished goods. Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(j) Leased Assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Notes to the Financial Statements for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(k) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(l) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(m) Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. Any impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer Note 3(iv)(b)).

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods
Revenue from sale of goods is recognised when the performance obligations are satisfied as follows:
- the Group has transferred to the buyer control of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Interest revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Contributions
Revenue from members' contributions is recognised on an accrual basis.

(o) Financial Instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(o) Financial Instruments (cont'd)

Trade receivables are to be settled within agreed trading terms, typically less than 60 days, and are initially recognised at fair value and then subsequently at amortised cost, less any expected credit loss allowances. Under the “expected credit loss” model, the allowance for credit losses is calculated by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability weighted outcomes. Significant receivables are individually assessed. Non-significant receivables are not individually assessed; instead, credit loss testing is performed by considering the risk profile of that group of receivables. All allowances for credit losses are recognised in the income statement.

Financial assets that are subject to credit risk are assigned to one of three stages and could be reassigned based on changes in asset quality:

- Stage 1 are performing and/or newly originated assets. Provisions for financial assets in stage 1 are established to provide for ECL for a period of 12 months;
- Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised;
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

The Group holds derivative financial instruments to hedge interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(p) Intangible Assets

Intangible assets acquired separately
Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(q) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Notes to the Financial Statements for the 53 Week Period Ended 4 July 2021

3. Summary of Accounting Policies (cont'd)

(q) Business Combinations (cont'd)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, in any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 (2008) are recognised at their fair value at the acquisition date, except that assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(r) Non-current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

4. Profit from Operations

	2021 $'000	2020 $'000
(a) Revenue		
Revenue from continuing operations consisted of the following items:		
Revenue from the sale of goods	218,429	210,949
Revenue from the rendering of services	29,589	30,174
Member contributions	7,219	7,365
Rental revenue	660	665
Interest revenue:		
Bank deposits	1	24
Other revenue	2,132	2,917
	258,030	252,094
(b) Loss before income tax		
Loss before income tax has been arrived at after crediting the following gains:		
Other Income:		
(Loss) / gain on property revaluations recognised through profit or loss	(48)	152
Profit on disposal of stores	774	1,295
	726	1,447
Loss before income tax has been arrived at after charging the following expenses:		
Finance costs:		
Interest on bank loan	239	281
Lease interest expense	2,788	2,663
Other finance costs	-	19
	3,027	2,963

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

4. Profit from Operations (cont'd)

	2021 $'000	2020 $'000
(b) Loss before income tax (cont'd)		
Loss before income tax has been arrived at after charging the following expenses:		
Cost of sales	179,810	175,772
Retail expenses	41,019	42,210
Administration expenses	14,800	15,155
Occupancy expenses	16,070	17,393
Marketing expenses	4,166	4,827
Loss on disposal of property, plant and equipment (excluding plant and equipment disposed included in above disposal of stores)	20	-
Other expenses	2,241	3,389
	258,126	258,746
Employee benefit expense:		
Wages and salaries	43,531	44,403
Contributions to superannuation funds	4,225	4,247
Increase / (Decrease) in employee benefits provision	364	195
	48,120	48,845
Depreciation of non-current assets	9,645	9,758
Impairment of non current assets	857	1,754
Amortisation of customer lists	1,383	1,632

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

5. Income Taxes

	2021 $'000	2020 $'000
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current and deferred tax expense/(benefit) relating to the origination and reversal of temporary differences and tax losses	(36)	(64)
Total tax expense/(benefit)	(36)	(64)
The prima facie income tax expense/(benefit) on pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the financial statements as follows:		
Profit/(Loss) before income tax	(2,397)	(8,168)
Income tax revenue calculated at 30% (2020: 30%)	(719)	(2,450)
Non-deductible expenses – other	868	1,437
Non-deductible expenses – non current assets impairment and amortisation	672	1,016
Current period capital losses utilised / (net capital losses recognised)	(546)	203
Current period capital loss not recognised	546	225
Current period revenue loss not recognised	-	1,326
Non taxable income	(1,378)	(1,328)
Prior period derecognition of revenue and capital losses	627	521
Adjustments recognised in the current period in relation to prior periods	(106)	(1,014)
Income tax expense/(benefit)	(36)	(64)

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2020: 30%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

5. Income Taxes (con't)

	2021 $'000	2020 $'000
(b) Recognised deferred tax asset		
The deferred tax asset is attributable to the following:		
Trade and other receivables	3	3
Inventories	40	55
Property, plant and equipment	(3,425)	(3,310)
Intangible assets	(1,532)	(2,140)
AASB 16 - Lease Asset	(7,201)	(5,931)
AASB 16 - Lease Liability and make-good provision	8,288	6,942
Other financial assets	-	-
Trade and other payables	71	101
Employee benefits	1,120	1,204
Other items	38	39
Net deferred tax liability on temporary differences	(2,598)	(3,037)
Tax losses:		
Revenue	5,781	5,607
Capital	4,841	4,284
Total deferred tax on tax losses	10,622	9,891
Total temporary differences on tax losses	8,024	6,854
Revenue losses not recognised	(5,781)	(5,607)
Capital losses not recognised	(2,243)	(1,247)
Net deferred tax asset	-	-
(c) Movement in deferred tax asset		
Opening balance	-	-
Recognised in income	36	64
Recognised in equity (property)	(36)	(64)
Closing balance	-	-

6. Key Management Personnel Remuneration

	2021 $	2020 $
Compensation to directors and other members of Key Management Personnel of the Company and the Group (i)	2,324,166	2,612,427

(i) 2020 includes transition costs associated with the retirement of the outgoing Managing Director, appointment of a Chief Executive Officer and restructure of the Executive team.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

7. Trade and Other Receivables

	2021 $'000	2020 $'000
Current		
Trade receivables (i)	2,765	2,557
Allowance for doubtful debts	(15)	(15)
	2,750	2,542
Net GST receivable from Australian Taxation Office	1,242	725
	3,992	3,267
Movement in the allowance for doubtful debts		
Balance at the beginning of the period	15	15
Amounts written off as uncollectable	-	-
Balance at the end of the period	15	15

(i) The average credit period of sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

8. Current Inventories

	2021 $'000	2020 $'000
Inventories at cost	38,370	40,931
Provision	(270)	(461)
Total Closing Inventories	38,100	40,470

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

9. Non-Current Property, Plant and Equipment

	Freehold Land and Buildings at fair value $'000 (i)	Right-of-use Property at cost $'000	Leasehold Improvements at cost $'000	Plant and Equipment at cost $'000	Total $'000
Gross carrying amount					
Balance at 30 June 2019	37,870	-	9,712	55,181	102,763
Recognition of right-of-use asset on initial application of AASB16	-	38,785	-	-	38,785
Additions	-	3,198	533	2,618	6,349
Disposals	-	-	(3)	(119)	(122)
Assets held for Sale	(20)	(1,581)	(492)	(1,875)	(3,968)
Net revaluation increments/(decrements)	224	-	-	-	224
Balance at 28 June 2020	38,074	40,402	9,750	55,805	144,031
Additions	-	15,327	713	2,011	18,051
Modifications	-	83	-	-	83
Disposals	-	(696)	(64)	(949)	(1,709)
Assets held for Sale	5	22	12	67	106
Net revaluation increments/(decrements)	858	-	-	-	858
Balance at 4 July 2021	38,937	55,138	10,411	56,934	161,420
Accumulated depreciation/amortisation and					
Balance at 30 June 2019	(571)	-	(6,511)	(43,646)	(50,728)
Disposals	-	-	2	93	95
Depreciation expense	(312)	(5,614)	(663)	(3,169)	(9,758)
Impairment of non-current assets	-	-	-	(12)	(12)
Assets held for Sale	26	445	276	1,468	2,215
Balance at 28 June 2020	(857)	(5,169)	(6,896)	(45,266)	(58,188)
Depreciation expense	(302)	(5,871)	(533)	(2,939)	(9,645)
Modifications	-	(10)	-	-	(10)
Disposals	-	696	63	917	1,676
Impairment of non-current assets	-	-	-	(26)	(26)
Assets held for Sale	(4)	246	9	(6)	245
Balance at 4 July 2021	(1,163)	(10,108)	(7,357)	(47,320)	(65,948)
Net book value					
As at 28 June 2020	37,217	35,233	2,854	10,539	85,843
As at 4 July 2021	37,774	45,030	3,054	9,614	95,472

There was no depreciation capitalised as part of the cost of other assets.

(i) Land and buildings are revalued to their fair value, based on independent market valuations performed by M3property (2020: M3property), with valuations on one third of the properties each year. The valuations are performed based on a Capitalisation of Net Income Valuation methodology, incorporating level 2 observable inputs in accordance with the Fair Value Hierarchy established under AASB 13 *Fair Value Measurement*. The valuations are based on recent sale transactions and other relevant market data. The effective date of revaluation is 4 July 2021 (2020: 28 June 2020).

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

9. Non-Current Property, Plant and Equipment (cont'd)

As a result of the revaluation, land and buildings increased by $857,000 (2020: increased by $224,000). Of this $905,000 increased the asset revaluation reserve (2020: $72,000 increased the asset revaluation reserve) and $48,000 was recognised as an impairment loss (2020: $152,000 as a reversal of a prior period impairment loss) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

10. Goodwill

	Note	2021 $'000	2020 $'000
Gross carrying amount			
Balance at beginning of the period		34,677	35,194
Disposals on sale		(2,466)	(517)
Balance at beginning of the period		32,211	34,677
Balance at the end of the period		32,211	34,677
Accumulated impairments			
Balance at beginning of the period		(31,081)	(30,499)
Impairments		(298)	(1,099)
Disposals on sale		2,466	517
Balance at the end of the period		(28,913)	(31,081)
Net book value			
At the beginning of the financial period		3,596	4,695
At the end of the financial period		3,298	3,596

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (CGUs) expected to benefit from the synergies of the business combination. CGUs to which goodwill has been allocated are tested for impairment annually.

An EBITDA financial forecast for each CGU has been determined using the Group sales growth expectations, approved by the Board, applied to Income and Expense rates.

The recoverable amount of the CGU at 30 June 2021 was determined based on the higher of fair value or a value in use calculation. Value in use was determined using cash flow projections based on EBITDA financial forecasts.

The discount rate applied to the cash flow projections at 30 June 2021 was based on the Group's post-tax WACC being 11.20% (2020: 10.66%).

The terminal value of each CGU has been calculated using the perpetual growth method. This method assumes the CGU will continue to generate Free Cash Flow at a normalised state in perpetuity. A perpetual growth rate based on an assumed CPI of 2% has been applied (2020: 2%).

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

11. Other Intangible Assets

	2021 $'000	2020 $'000
Licences	2,143	2,676
Customer lists	2,247	3,567
	4,390	6,243

(a) Licences

Gross carrying amount		
Balance at beginning of the period	3,819	3,178
Additions	-	641
Balance at the end of the period	3,819	3,819
Accumulated amortisation/impairments		
Balance at beginning of the period	(1,143)	(793)
Impairment	(533)	(350)
Balance at the end of the period	(1,676)	(1,143)
Net book value		
At the beginning of the financial period	2,676	2,385
At the end of the financial period	2,143	2,676

The above relate to pharmacy licences which are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash in-flows for the Group given the indefinite legal right to renew the licences for an insignificant cost.

	2021 $'000	2020 $'000
(b) Customer Lists		
Gross carrying amount		
Balance at beginning of the period	21,496	22,728
Additions	-	-
Disposals	(630)	(517)
Reclassified to held-for-sale	-	(715)
Balance at the end of the period	20,866	21,496
Accumulated amortisation/impairments		
Balance at beginning of the period	(17,929)	(16,989)
Amortisation	(1,383)	(1,632)
Disposals	630	517
Impairment	-	(293)
Reclassified to held-for-sale	63	468
Balance at the end of the period	(18,619)	(17,929)
Net book value		
At the beginning of the financial period	3,567	5,739
At the end of the financial period	2,247	3,567

The useful life used in the above calculation of amortisation is 10 years.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

12. Current Trade and Other Payables

	2021 $'000	2020 $'000
Trade payables (i)	16,801	25,637
Prepaid membership fees	1,272	1,313
Other payables and accruals	2,651	3,122
	20,724	30,072

(i) The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Current Other Financial Liabilities

	2021 $'000	2020 $'000
Interest bearing loan from Key Management Personnel Related Entity (i)	24	27
	24	27

(i) The current effective interest rate on the loan is 4% (2020: 4%)

14. Current and Non-Current Provisions

	2021 $'000	2020 $'000
Current		
Employee Benefits	7,236	6,910
Site restoration	53	159
	7,289	7,069
Non-Current		
Employee Benefits	587	549
Site restoration	1,258	1,185
	1,845	1,734

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

15. Current and Non-Current Borrowings

	2021 $'000	2020 $'000
Current		
Current portion of lease liabilities (i)	7,809	7,400
Secured bank loans (ii)(iii)(iv)	267	-
Balance at end of the period	8,076	7,400
Non-Current		
Non-current portion of lease liabilities	42,607	32,793
Secured bank loans (ii)(iii)(iv)	2,308	-
Balance at end of the period	44,915	32,793

(i) The lease liabilities are discounted at an interest rate ranging between 4.0% to 7.2% dependent on the remaining lease term (2020: 4.0% to 7.2%).

(ii) Secured by a Registered Mortgage Debenture over the assets of the Group.

(iii) The current effective interest rate of the loan is 1.34% (2020: nil%) - refer Note 15 (iv) below.
In accordance with the security arrangement of liabilities, all assets of the Group have been effectively pledged as security.

(iv) On 19 August 2020, the overdraft facility was closed and replaced by new facilities comprising a $13,000,000 working capital facility and $4,000,000 loan facility with the following key terms:
- The effective interest rate of the loan facility is 1.34%; and
- All assets of the Group have effectively been pledged as security.
- The loan term is 15 years, with repayments of $22,225 per month required.
- Refer to Note 22(b) for current draw down status of the working capital facility and loan facility.

16. Issued Capital

The Company is limited by Shares and Guarantee. At 30 June 2021 and at 30 June 2020, the Company had no issued shares.

The Company is limited by a guarantee of $1 per Member. At 30 June 2021, the Company had 144,231 Members (2020: 146,821).

17. Asset Revaluation Reserve

	2021 $'000	2020 $'000
Balance at the beginning of the period	10,344	10,336
Disposal of property	(400)	-
Increase arising on revaluation of properties	905	72
Tax consequences	(36)	(64)
Balance at end of the period	10,813	10,344

The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold the portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

18. Commitments for Capital Expenditure

	2021 $'000	2020 $'000
Leasehold improvements	500	-
Plant & Equipment	165	715
Balance at end of the period	665	715

19. Contingent Liabilities and Assets

The Group has given bank guarantees of $810,000 (2020: $792,000) in relation to leasehold properties. There are no other contingent liabilities or assets as at 30 June 2021 (2020: $nil).

20. Leases

(a) Right-of-use assets

The Group leases retail stores, generally for periods ranging from 5 to 10 years with options to renew the lease after that date. Retail stores provide for annual rent reviews based on CPI or market rents. For retail store leases it is assumed to be reasonably certain that all options will be exercised.

Right of use assets related to leased properties are presented as property, plant and equipment (Note 9)

	2021 $'000	2020 $'000
Balance at the start of the period	36,369	38,785
Depreciation charge for the period	(5,871)	(5,614)
Additions to right-of-use assets	15,327	2,992
Disposals of right-of-use assets	(569)	-
Modifications to right-of-use assets - annual indexation	73	206
Balance at the end of the period	45,329	36,369
Recognised as Held-for-Sale	299	1,136
Recognised within Property, Plant and Equipment	45,030	35,233

(b) Amounts recognised in profit or loss

	2021 $'000	2020 $'000
Interest on lease liabilities	2,788	2,663
Depreciation relating to right-of-use assets	5,871	5,614
Expenses relating to short-term leases	422	1,010
Balance at the end of the period	9,081	9,287

(c) Amounts recognised in statement of cash flows

	2021 $'000	2020 $'000
Total cash outflow for leases	8,306	8,070

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

21. Related Party Disclosures

(a) Transactions with Key Management Personnel

Where Key Management Personnel are members of the Group they pay contributions at normal member rates.

(b) Transactions with Related Parties

(i) No revenue was received from Key Management Personnel Related Entities.

(ii) Aggregate amounts payable to Key Management Personnel Related Entities have been disclosed in Note 13.

(iii) Subscriptions of $Nil (2020: $Nil) were paid to Australian Friendly Society Pharmacies Association.

(iv) Subscriptions of $59,908 (2020: $43,731) were paid to National Pharmaceutical Services Association.

(v) Consultancy Fees of $4,950 (2020: $74,876) were paid to National Pharmaceutical Services Association.

(vi) Interest of $Nil (2020: $Nil) was paid to a Key Management Personnel Related Entity in respect of a loan.

The above transactions are between Key Management Personnel Related Entities and the Group and occur under normal terms and conditions.

22. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2021 $'000	2020 $'000
Cash	1,358	891
Bank overdraft	(5,430)	(2,785)
(Bank overdraft) / Cash	(4,072)	(1,894)

Notes to the Financial Statements for the 53 Week Period Ended 4 July 2021

22. Notes to the Statement of Cash Flows (cont'd)

	2021 $'000	2020 $'000
(b) Financing Facilities		
Overdraft facility		
Facility Limit	13,000	16,626
Amount Drawn	(5,430)	(2,785)
Amount Available	7,570	13,841
Secured bank loan facility		
Facility Limit	3,778	-
Amount Drawn	(2,575)	-
Amount Available	1,203	-
Secured Bank Guarantee		
Facility Limit	810	792
Amount Drawn	(810)	(792)
Amount Available	-	-

The above facilities are subject to annual review and are secured by a Registered Mortgage Debenture over the assets of the Group.

(c) Businesses Disposed

During the financial period, 3 stores were sold by the Group (2020: 1)
Details of the disposals are as follows:

	2021 $'000	2020 $'000
Consideration		
Cash	1,934	1,502
Carrying Value of Net Assets Disposed		
Current Assets:		
Cash Floats	-	39
Inventories	751	141
Other		
Non-current Assets:		
Property, plant and equipment	329	27
Right-of-use assets	569	-
Current Liabilities	173	-
Non-current Liabilities		
Right-of-use Lease Liabilities	(607)	-
Make-good Provision	(55)	-
Net Assets Disposed	1,160	207
Gain on disposal recognised through other income	774	1,295

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

23. Financial Instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

(b) Categories of financial instruments

	2021 $'000	2020 $'000
Financial assets		
Loans and Receivables	3,992	3,267
Cash and cash equivalents	1,358	891
Financial liabilities		
Amortised cost	79,169	73,077

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Derivatives
Interest rate caps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

24. Acquisition of Businesses

During the period, no businesses were acquired by the Group (2020: none).

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

25. Parent Entity Information

	2021 $'000	2020 $'000
(a) Financial Position		
Assets		
Current Assets	45,833	48,350
Non-Current Assets	103,201	95,753
Total Assets	149,034	144,103
Liabilities		
Current Liabilities	41,543	47,353
Non-Current Liabilities	46,760	34,527
Total Liabilities	88,303	81,880
Equity		
Issued Capital	-	-
Retained Earnings	49,918	51,879
Asset Revaluation	10,813	10,344
Total Equity	60,731	62,223
(b) Financial Performance		
Profit/(Loss) for the period	(2,361)	(8,104)
Other comprehensive income	869	8
Other comprehensive loss	(1,492)	(8,096)
(c) Commitments for the acquisition of property, plant and equipment by the parent entity		
Property, Plant & Equipment	665	715

(d) Contingent Liabilities

The Company has given bank guarantees of $810,000 (2020: $792,000) in relation to leasehold properties.

Notes to the Financial Statements
for the 53 Week Period Ended 4 July 2021

26. Controlled Entities

	Country of Incorporation	Ownership Interest 2021 %	2020 %
Parent Entity			
Friendly Society Medical Association Limited	Australia		
Controlled Entities			
National Pharmacies Australia Pty Ltd	Australia	100	100

National Pharmacies Australia Pty Ltd has not prepared an audited financial report as the entity is classified as a small proprietary company under the Corporations Act 2001.

27. Subsequent Events

As a result of the evolving nature of the COVID-19 pandemic and the rapidly evolving Government policies of restrictive measures put in place to contain it, as at the date of these financial statements the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Group. Other than the current disclosures, there have been no events subsequent to the reporting date which would have a material impact on the Group's 30 June 2021 financial statements (2020: none).

EXECUTIVE LEADERSHIP TEAM

Vito Borrello
Chief Executive Officer

Rob Quinton
General Manager Finance

Ryan Klose
General Manager Operations

Jeri Tsoukalas
General Manager People and Technology

Brad Mills
General Manager Member and Customer Experience


LANCÔME
Jurlique
Dior
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