2023 Annual Report

National Pharmacies

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

National Pharmacies

At National Pharmacies we're all about people. From our valued members, to the communities we share, to the people we employ and to those we partner with; we stand by our purpose.

Caring for People. **Enabling** Health. **Inspiring** Wellness.

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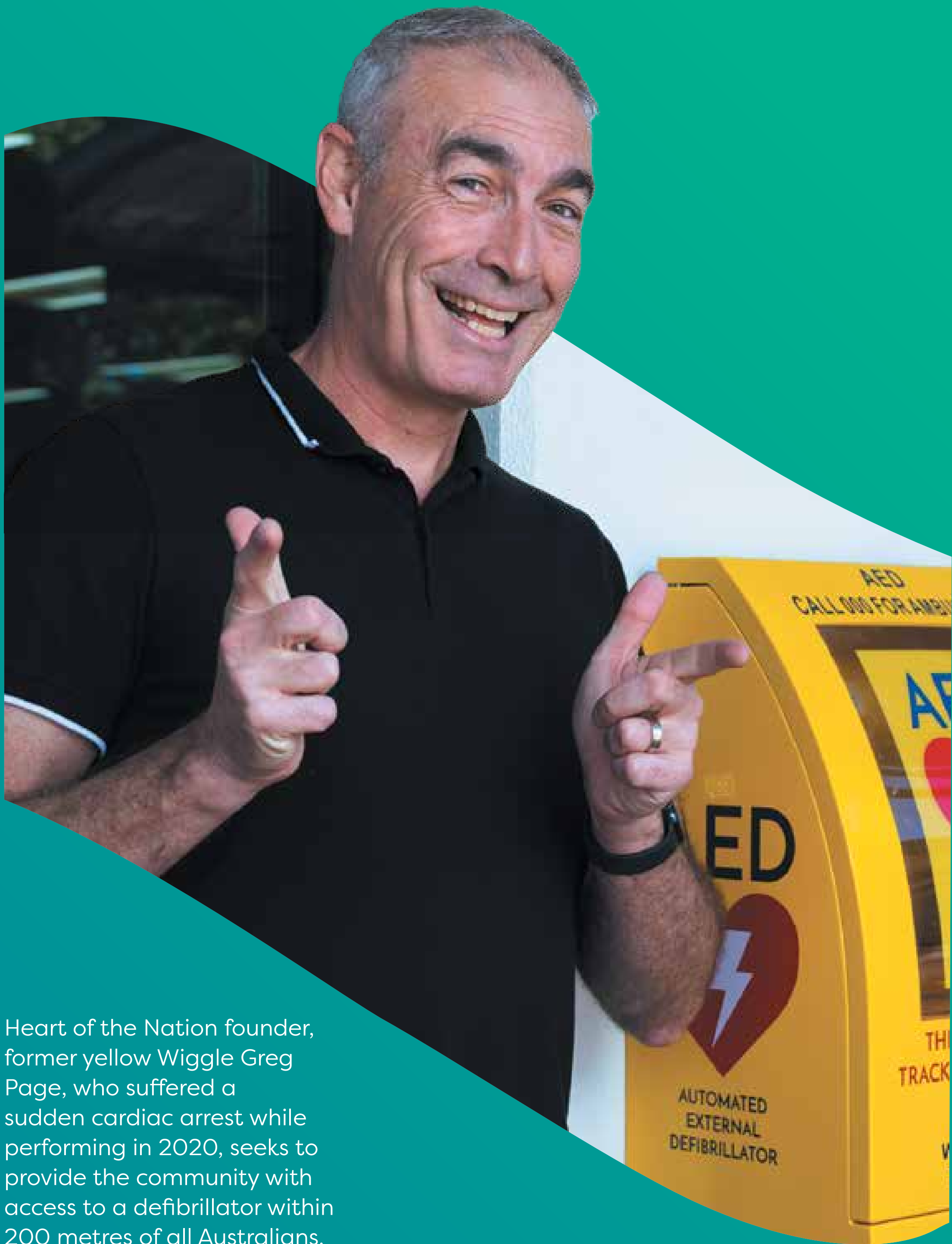


Heart of the Nation founder, former yellow Wiggle Greg Page, who suffered a sudden cardiac arrest while performing in 2020, seeks to provide the community with access to a defibrillator within 200 metres of all Australians.

National Pharmacies is proud to play our role in helping this vision become a reality

Business highlights 2022/2023

3.1+m
customer visits

236K
members

$28.1m
member benefit value

1.5+m
blister packs recycled

20
AEDs installed

60.4%
reduction in lost time injuries

3.5+m
prescriptions dispensed

40,800
total vaccinations

900+
employees across SA, VIC & NSW

176%
hazard reporting improvement

10.7K
training sessions undertaken

$3.25m
innovation investment

We are proud to be the first pharmacy group in South Australia to provide blister pack recycling facilities in partnership with PharmaCycle.

As a community-focused organisation, we have a responsibility to ensure that we consider our impact.

Report of Operations

The 2023 financial year was again a challenging one as National Pharmacies navigated the impacts of high inflation, interest rate increases, supply chain disruptions and product shortages.

We are proud that despite these challenges, National Pharmacies continued to provide high quality care, services and products to our customers and the wider community.

Our Environmental, Social and Governance Commitments.

As a community-focused organisation, we have a responsibility to ensure that we consider our impact. Our size and influence in the industry in which we operate, means that we can lead by example.

Setting our environmental, social and governance (ESG) commitments helps us to constantly improve the way that we work, and find better, more impactful ways of supporting our people and the communities we serve.

We have recently introduced a partnership with PharmaCycle to be the first pharmacy group in South Australia to provide recycling opportunities for the re-purposing of medical blister packs. Used medication blister packs are returned to our pharmacies by members and customers and then sent onto a processing facility where the aluminium foil is separated from the plastic blister. The aluminium and plastic are then sent to end users to be recycled.

Over the past six months the PharmaCycle program has diverted approximately 1.5 million blister packs, equating to 2.2 tons of material, from landfill. With a recently announced contract extension and the provision of the service at additional National Pharmacies stores, we forecast that an additional two million blister packs will be recycled in the second half of 2023.

We continue to look at new and innovative opportunities to reduce our impact on the environment with future expansion planned to incorporate a wider set of services and material streams.

In 2022 National Pharmacies, in partnership with Heart of the Nation, commenced a program to provide Automatic External Defibrillators (AEDs) across our pharmacy network.

Heart of the Nation founder, former yellow Wiggle Greg Page, who suffered a sudden cardiac arrest while performing in 2020, seeks to provide access to a defibrillator within 200 metres of all Australians.

Currently available across 20 National Pharmacies sites, the AEDs provide the community with 24 hour access to a machine that can be the difference between life and death in an emergency.

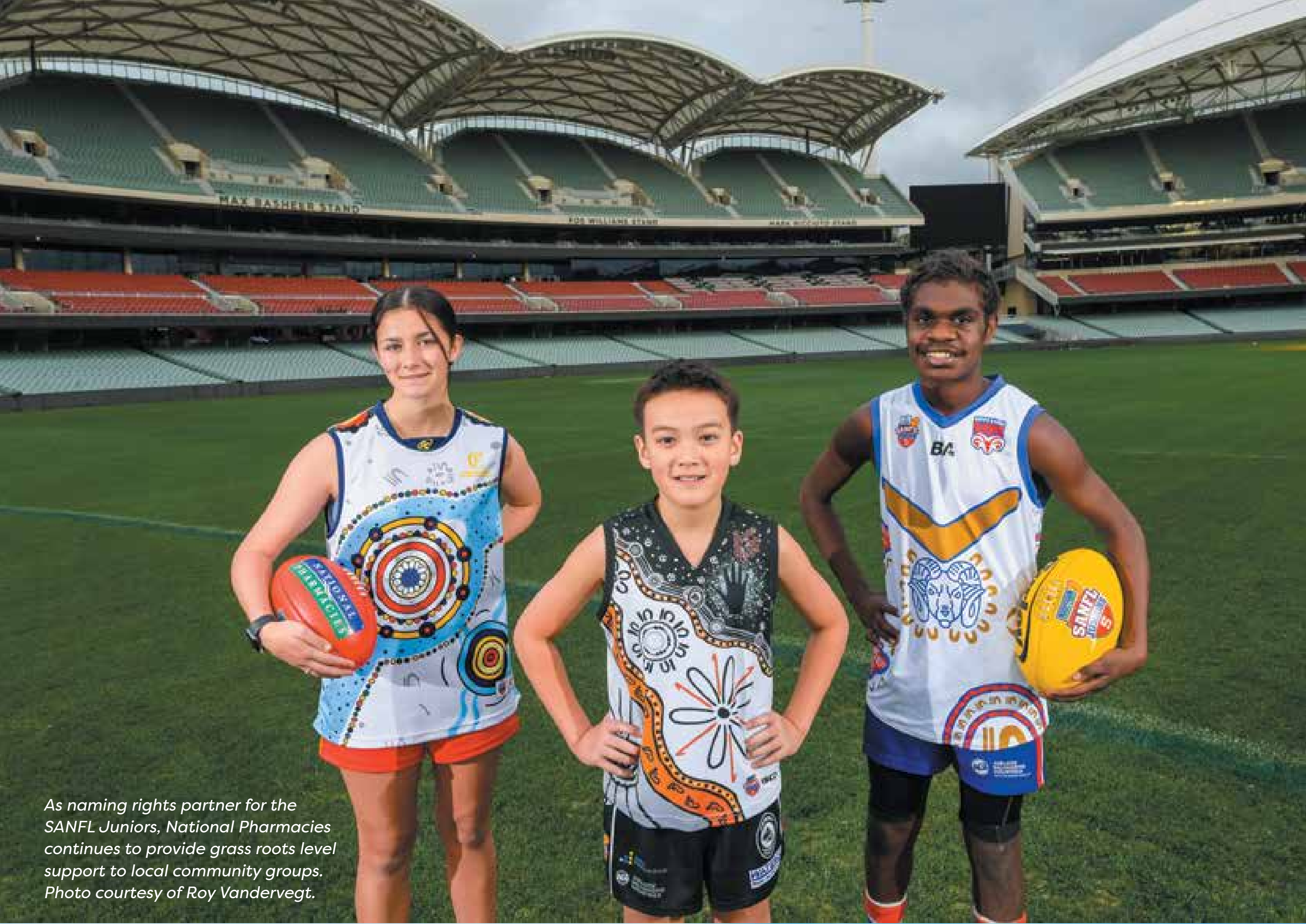
National Pharmacies is proud to play our role in helping this vision become a reality.

In November 2022, after two years as a ticketed stadium event, the National Pharmacies Christmas Pageant returned to the streets of Adelaide in its 90th year. An excited crowd of almost a quarter of a million people lined the city streets to watch Father Christmas make his way to the Adelaide Town Hall. National Pharmacies was delighted to announce the extension of our partnership with Events South Australia to continue to support the Christmas Pageant through to the event's 100th year.

Since 2011, National Pharmacies has been a foundation partner of Kick Start for Kids, having raised over $500,000 during our partnership for the support of breakfast provisions for disadvantaged children.

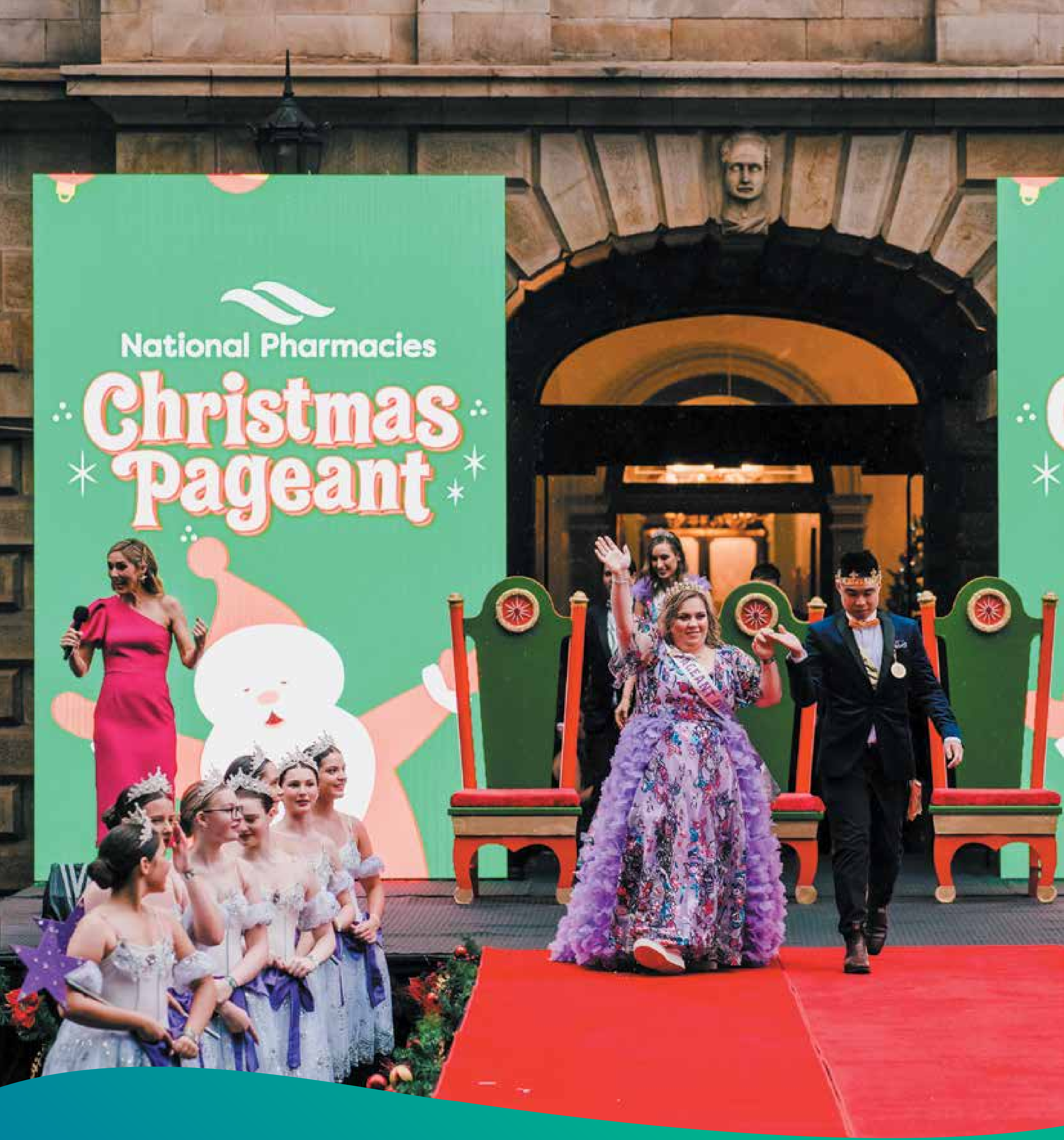
National Pharmacies is the naming rights partner for the nation's largest junior football competition, the SANFL Juniors, which hosts 702 teams across metropolitan Adelaide with more than 11,500 players.

We continue to provide grass roots level support to local community groups. The program is now in its eleventh year, providing sponsorships to clubs across a wide range of activities.



As naming rights partner for the SANFL Juniors, National Pharmacies continues to provide grass roots level support to local community groups. Photo courtesy of Roy Vandervegt.

National Pharmacies has raised over $500,000 for Kick Start for Kids towards the supply of breakfast provisions for disadvantaged children.



In November 2022 the National Pharmacies Christmas Pageant returned to the streets of Adelaide where almost a quarter of a million people lined the city streets to view the event.

Report of Operations

Operations

In-line with the formalisation of our Purpose - Caring for People. Enabling Health. Inspiring Wellness, National Pharmacies has invested in contemporising its brand and store infrastructure to better reflect the business it is today. This is our first brand update in 30 years.

A key component of this evolution is the strategic initiative to further drive the advancement of our optical business. The development of the "Optical by National Pharmacies" brand and its associated visibility across our store network has demonstrated our commitment to the provision of quality optical services and products to our partners and the community.

Introduced to employees in September and launched in October 2022, the new National Pharmacies and Optical by National Pharmacies branding has been installed across our store networks and proudly incorporated into the uniforms worn by our employees.

The most significant changes were implemented at the Marion Optical store, which had its first store refurbishment in 23 years. The store is now a flagship for our optical business, providing a more contemporary retail experience for our customers.

This year we have undertaken a significant expansion and redevelopment of our Norwood pharmacy by leasing the adjacent tenancy. This has allowed us to increase the size of the dispensary, create a counselling room next to the dispensary and will also see three additional rooms upstairs comprising a multipurpose room and two dedicated modern beauty rooms. This enables us to offer additional wellness services in line with our Purpose and to enhance the experience for our members, customers and team members. New ranges introduced into the store include Estee Lauder, Clinique, and Sleep Apnoea.

In May 2023 we opened our new Dose Administration Aid (DAA) packing facility which is co-located with our Henley Beach pharmacy. The DAA service is a valuable community pharmacy initiative and we believe that bringing the process in house will provide considerable benefits to our customers.

Our Innovation Program, where employees are encouraged to think about the future and to provide ideas for change, continues to go from strength to strength. Some of the initiatives implemented in 2022/23 include the earlier mentioned PharmaCycle blister pack recycling program and the installation of AEDs and we have also introduced the Metagenics Practitioner Only natural health products. Further initiatives are currently being trialled.

Pleasingly top line revenue was favourable to the prior year. However, the Group made a Net Loss largely due to unfavourable economic factors which resulted in an increase in expenses.

Membership Growth

As a mutual organisation reliant on its members, National Pharmacies has invested in a number of strategic initiatives to continue to evolve and enhance the membership offer to meet the changing needs of consumers. These programs generated a 1.1% increase in membership for the period ending 30 June 2023.

This result is attributed to the whole of business focus on further enhancing the membership offer and supporting systems. The successful implementation of a new membership system has provided more reliable, efficient and effective connectivity both at the store level and also for the Member Services support team. Coinciding with the transition to our new membership system in March 2023, we introduced a new Couples membership offer and membership auto renewal.

Further investment in employee training and up-skilling, a partnership extension with Seniors Card (SA) and the continuation of our strong strategic partnerships with BUPA and Police Health have generated improvements in member acquisition and retention.

The membership growth for the period has seen the total number of members increase to over 235,000 with cash member benefits in excess of $28 million provided to our members at point of sale during the year ended 30 June 2023.

The newly refurbished Optical by National Pharmacies Marion store.

Following refurbishment, Marion Optical store is now a flagship of the Optical business, providing a more contemporary retail experience for our customers.

Report of Operations

Our People

National Pharmacies strives to provide a safe and inclusive workplace for its 900+ employees who work in our pharmacies and optical stores, our Distribution Centre and our administration office across South Australia, Victoria and New South Wales.

At National Pharmacies we recognise the importance of celebrating the diversity and achievements of our teams and our employees regularly tell us they appreciate that National Pharmacies is an organisation where people from all genders, backgrounds and ages have opportunities to succeed. When it comes to leadership, 50% of our Board are women as are 50% of our Senior Leadership Team.

Without our teams of caring and skilled people National Pharmacies would not be the long standing and respected organisation it is today. Our People Plan provides the framework to ensure we have the right people in the right place who are skilled, engaged and aligned with our Purpose both now and into the future.

Our Future

September 2023 will see the introduction of the first tranche of 60-day dispensing of PBS medicines. As yet the full impact on the community pharmacy industry is unknown but it is anticipated that Government and customer revenues will decrease, potentially creating new operating and financial challenges for many pharmacies in addition to continued economic headwinds.

Negotiations with the Federal Government for the Eighth Community Pharmacy Agreement are expected to commence before the end of 2023. The content and the effect that the Agreement will have on the pharmacy industry is unknown.

The community pharmacy sector is seeking for the Agreement to expand the scope of professional pharmacist practice to include a wider range of health care activities. This has the potential to reduce the pressures on our general practitioners and hospital system.

National Pharmacies is well placed to successfully navigate through these significant challenges.

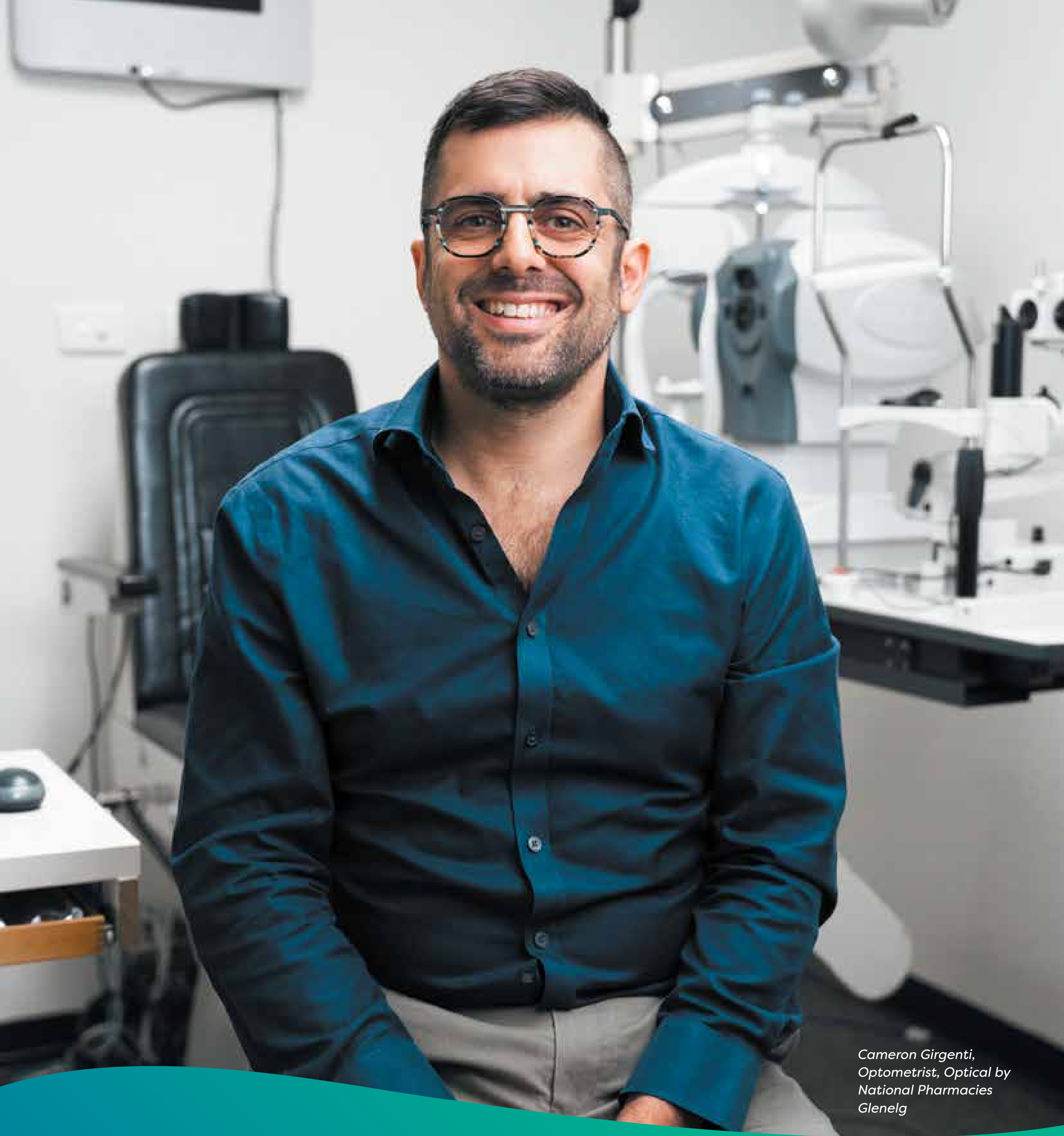
We will continue to focus on enhancing our store environments and our digital offer to ensure that the National Pharmacies shopping experience, both in store and online, is contemporary and of the quality and ease of use our customers expect. In addition, we will continue to seek opportunities to widen our store network to bring the National Pharmacies offer to new communities.

We will also invest in additional services and product ranges to provide increased value for our members and customers.

The Board and management of National Pharmacies thank all our hard working employees for their continued dedication and committment over the past 12 months. They are what sets us apart from our competitors. We also thank all our loyal members and customers for trusting National Pharmacies with their healthcare needs.

Pauline Carr
Chairman

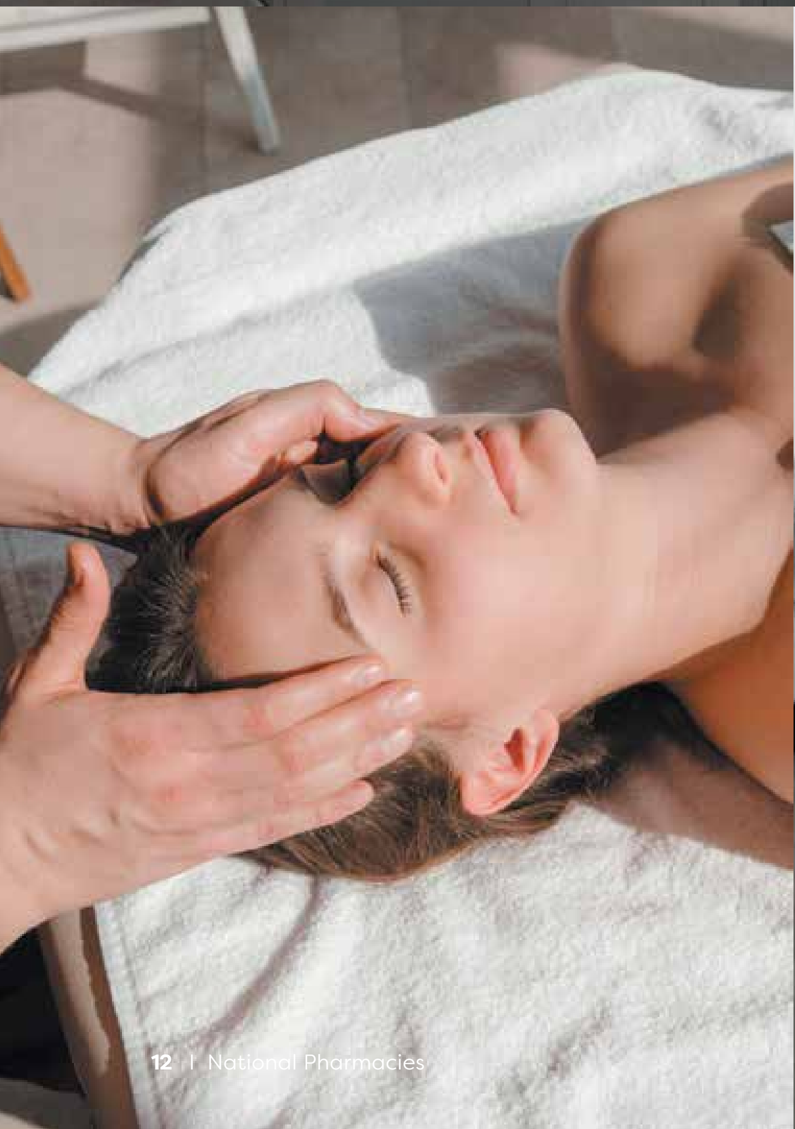
Vito Borrello
Chief Executive Officer

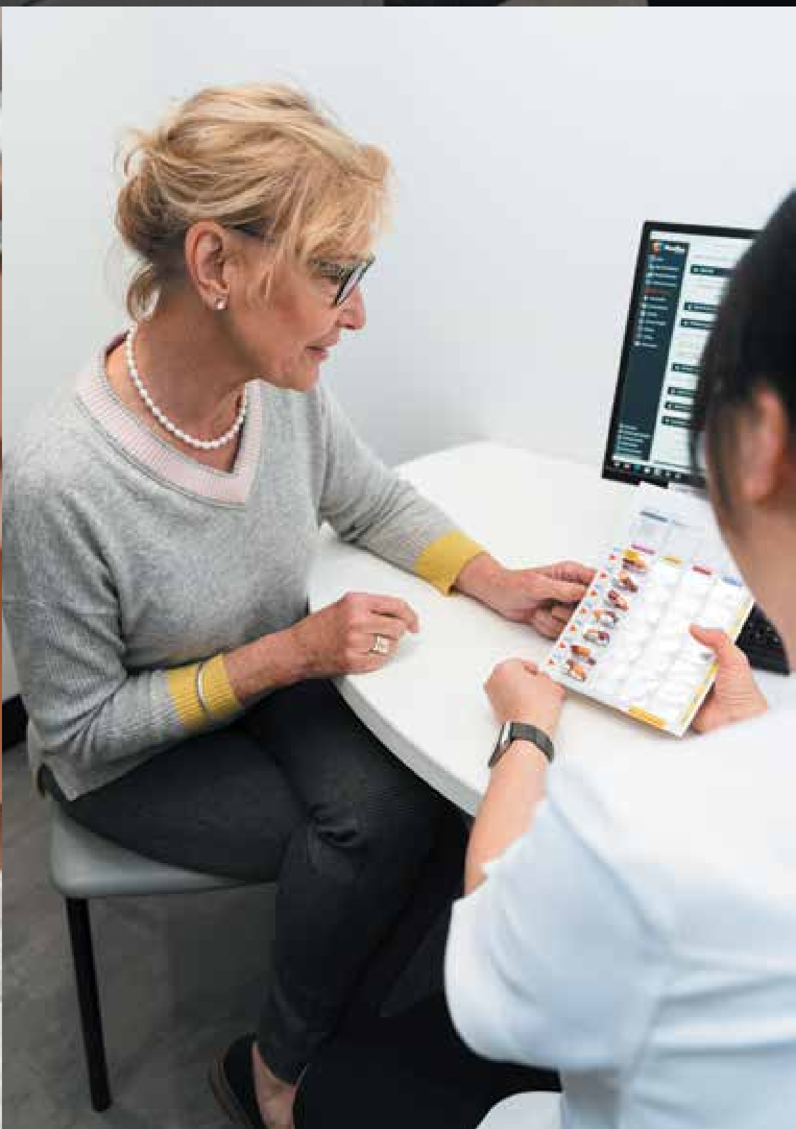


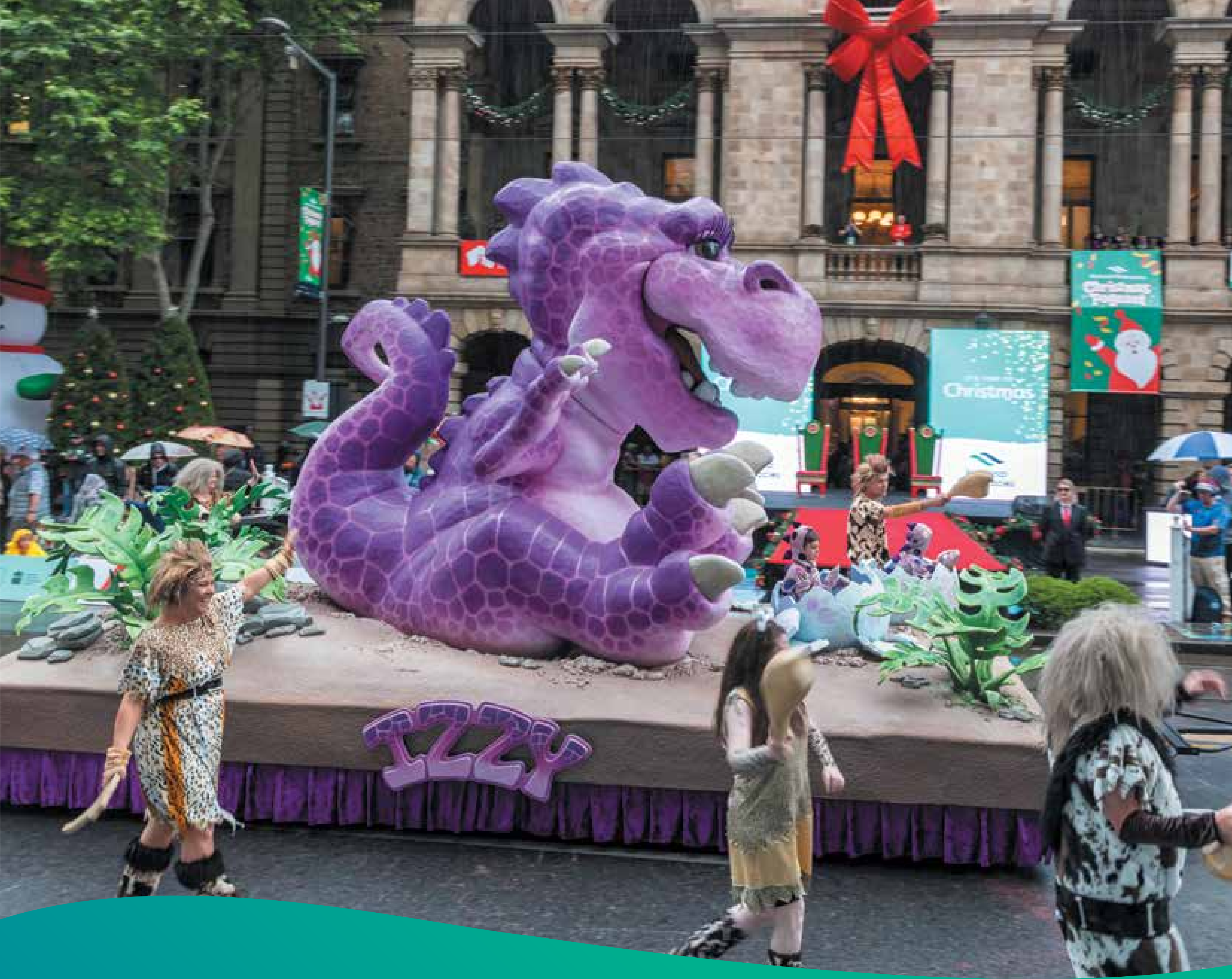
Cameron Girgenti, Optometrist, Optical by National Pharmacies Glenelg

The development of the Optical by National Pharmacies brand demonstrates our commitment to our partners and the community to the provision of quality Optical services and products.

National Pharmacies provides a range of additional services for members including DAA packs, Medschecks and specialist beauty services.







Directors' Report

for the 52 Week Period Ended 2 July 2023

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 52 week financial period ended 2 July 2023 (2022: 52 week period ended 3 July 2022) 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 listed on pages 14 and 15.

Pauline 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 three 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.

During the year Ms Carr also chaired 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 Non-Executive Director of ASX listed companies, Highfield Resources Limited and Australian Rare Earths Limited and chairs their Audit and Risk Committees and their Remuneration and Nomination Committees.

Responsibilities
Ms Carr is a member of the People, Culture and Rewards Committee.

Gregory 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 three years
Current Chairman of Auburn & Lidcombe United Friendly Society Pharmacy Board Limited and a Director of VUCA Pty Ltd.

Formerly Chairman of Abacus Australian Mutuals, Deputy Chairman of Bedford Industries and a Director of AIM Australia.

Responsibilities
Mr Connor is a member of the Audit and Risk Committee and the People, Culture and Rewards Committee.

Richard 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 three years

Currently, Chairman of Hobart International Airport Pty Ltd and a Director of HBF Health Limited, Indigenous Art Code Limited, Gardior Pty Ltd, Tasmanian Symphony Orchestra and Agency Projects Ltd. His former directorships include Japara Healthcare Limited, Bingo Industries Limited, Nanosonics Limited and QANTM Intellectual Property Limited.

Responsibilities

Mr England is Chairman of the Audit and Risk Committee and a member of the People, Culture and Rewards Committee.

Linda Heron

GAICD, MAHRI, MContempLdship

Experience and Expertise

Mrs Heron has over 20 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 three 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.

Company Secretary

The name and particulars of the Company Secretary are:

Jennifer Taylor
Appointed Company Secretary on 10 April 2017.

Directors' Report

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

In the year to 2 July 2023 the Group focused on implementing a number of major strategic initiatives including the acquisition of another store in regional Victoria, the rebranding of the store network, the implementation of a new Dose Administration Aid packing facility, and the refit of the Norwood Pharmacy and Marion Optical stores. Further, capital investment was made enhancing the Group's IT capability and introducing new systems to support member growth and customer experience.

Revenues and prescription numbers were favourable to the prior year. However, the profit of the Group was impacted by increased expenses. This was largely driven by a rise in labour rates and higher CPI rates driving up other overhead costs such as leases.

Revenue during 2022/2023 was $283.8 million which was a 7.6% increase on the previous period. Reported underlying earnings was a loss of $5.9 million with corresponding EBIT loss of $2.3 million and EBITDA of $8.5 million. Benefits to members over this period were $28.1 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 no impairment is required to reduce the carrying value of Goodwill and Intangible Assets held on the Balance Sheet as at 2 July 2023 (2022: $0).

The factors outlined above influenced this period's reported net profit after tax, which was a loss of $6.1 million (2022: profit of $1.1 million).

Issued Capital

The Company is limited by Shares and Guarantee. At 2 July 2023 and at 3 July 2022, the Company had no issued shares.

The Company is limited by a guarantee of $1 per member. At 2 July 2023, the Company had 138,951 Memberships (2022: 137,345).

Changes in State of Affairs

There was no significant change in the state of affairs of the Group during the financial year.

Subsequent Events

60-Day Dispensing takes effect from 1 September 2023. There is a high degree of uncertainty around how this change in government policy will affect the pharmacy industry. As such we are not in a position to speculate on how this will influence the future financial performance 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 2 July 2023 financial statements.

Future Developments

The impact of the COVID pandemic significantly diminished through the year. However, new economy wide pressures have emerged including geopolitical instability, wage cost increases and higher interest and CPI rates. Additionally, a major change in government policy, 60-Day Dispensing, is anticipated to have an impact on the pharmacy industry. With a strong Balance Sheet, a high calibre Leadership Team and a growing membership base the Group remains well positioned to meet these challenges.

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 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 3 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	#2	3	3
G J Connor	12	12	3	3	3	3
R A F England	12	12	3	3	3	3
L M Heron	12	12	3	3	3	3

# 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, 25 September 2023

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 52 week period ended 2 July 2023 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

25 September 2023

Independent Auditor's Report

To the members of Friendly Medical Association Limited

Opinion

We have audited the ***Financial Report*** of Friendly 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 2 July 2023 and of its financial performance for the 52 week period ended on that date; and
- complying with *Australian Accounting Standards – Simplified Disclosures framework* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 2 July 2023;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the 52-week period then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of 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 these requirements.

Other Information

Other Information is financial and non-financial information in Friendly 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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 – Simplified Disclosures* 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's and the 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 the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our 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

25 September 2023

Directors’ Declaration

In the opinion of the Directors of Friendly Society Medical Association Limited (the Company):

a) the Company is not publicly accountable;

b) the consolidated financial statements and notes that are set out on pages 22 to 52 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 2 July 2023 and of its performance for the financial period ended on that date; and

   (ii) complying with Australian Accounting Standards – Simplified 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, 25 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 52 Week Period Ended 2 July 2023

	Note	2023 $'000	2022 $'000
Revenue	4(a)	283,843	263,680
Other income	4(b)	-	2,987
Finance costs	4(b)	(4,548)	(3,395)
Other expenses	4(b)	(285,929)	(261,691)
Profit/(Loss) before income tax (expense) / benefit		**(6,634)**	**1,581**
Income tax (expense) / benefit	5(a)	523	(523)
Profit/(Loss) for the period		**(6,111)**	**1,058**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation		2,634	1,818
Income tax on items taken directly to or transferred from equity		(523)	523
Other comprehensive gain for the period		2,111	2,341
Total comprehensive profit/(loss) for the period		**(4,000)**	**3,399**
Profit/(Loss) for the period attributable to:			
Owners of the Company		(6,111)	1,058
		(6,111)	**1,058**
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		(4,000)	3,399
		(4,000)	**3,399**

Notes to the financial statements are included as pages 26 to 52.

Consolidated Statement of Financial Position as at 2 July 2023

	Note	2023 $'000	2022 $'000
Current Assets			
Cash and cash equivalents	22(a)	1,445	7,786
Trade and other receivables	7	4,762	4,225
Inventories	8	41,252	38,595
Prepayments		2,279	2,044
Total Current Assets		**49,738**	**52,650**
Non-Current Assets			
Property, plant and equipment	9	99,869	90,496
Goodwill	10	5,712	3,298
Other intangible assets	11	4,892	3,340
Other non current assets		-	9
Total Non-Current Assets		**110,473**	**97,143**
Total Assets		**160,211**	**149,793**
Current Liabilities			
Bank overdraft	22(a)	3,995	-
Trade and other payables	12	25,086	21,659
Borrowings	15	11,039	10,630
Other financial liabilities	13	24	24
Provisions	14	8,084	7,574
Total Current Liabilities		**48,228**	**39,887**
Non-Current Liabilities			
Borrowings	15	49,573	43,997
Provisions	14	2,280	1,779
Total Non-Current Liabilities		**51,853**	**45,776**
Total Liabilities		**100,081**	**85,663**
Net Assets		**60,130**	**64,130**
Equity			
Issued capital	16	-	-
Asset Revaluation Reserves	17	11,390	9,279
Retained earnings		48,740	54,851
Total Equity		**60,130**	**64,130**

Notes to the financial statements are included as pages 26 to 52.

Consolidated Statement of Changes in Equity for the 52 Week Period Ended 2 July 2023

	Fully paid ordinary shares $'000	Asset Revaluation Reserve $'000	Retained Earnings $'000	Attributable to owners of the parent $'000	Total $'000
Balance at 4 July 2021	-	10,813	49,918	60,731	60,731
Profit/(Loss) for the period	-	-	1,058	1,058	1,058
Other comprehensive income for the period:					
Transfer on property disposal	-	(3,875)	3,875	-	-
Gain on property revaluation	-	1,818	-	1,818	1,818
Tax consequences	-	523	-	523	523
Total comprehensive (loss)/income for the period	-	(1,534)	4,933	3,399	3,399
Balance at 3 July 2022	**-**	**9,279**	**54,851**	**64,130**	**64,130**
Balance at 3 July 2022	-	9,279	54,851	64,130	64,130
Profit/(Loss) for the period	-	-	(6,111)	(6,111)	(6,111)
Other comprehensive income for the period:					
Gain on property revaluation	-	2,634	-	2,634	2,634
Tax consequences	-	(523)	-	(523)	(523)
Total comprehensive (loss)/income for the period	-	2,111	(6,111)	(4,000)	(4,000)
Balance at 2 July 2023	**-**	**11,390**	**48,740**	**60,130**	**60,130**

Notes to the financial statements are included as pages 26 to 52.

Consolidated Statement of Cash Flows for the 52 Week Period Ended 2 July 2023

	Note	Inflows/ (Outflows) 2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Receipts from customers		284,892	266,918
Payments to suppliers and employees		(282,759)	(261,361)
Member contributions received		8,292	7,107
Interest paid	4(b)	(224)	(186)
Net Cash from Operating Activities		**10,201**	**12,478**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets (excluding the payment for assets in below business acquisition)		(6,251)	(3,502)
Payments for business acquisition	24	(5,041)	-
Proceeds from sale of business	25	-	788
Proceeds from sale of assets		-	10,669
Interest received	4(a)	246	1
Net Cash from/(used in) Investing Activities		**(11,046)**	**7,956**
Cash Flows Used in Financing Activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(267)	(266)
Payment of lease liabilities	20(c)	(9,224)	(8,310)
Net Cash used in Financing Activities		**(9,491)**	**(8,576)**
Net increase/(decrease) in cash and cash equivalents held		(10,336)	11,858
Cash and cash equivalents at the beginning of the Financial Period		7,786	(4,072)
Cash and cash equivalents / (Bank overdraft) at the end of the Financial Period	22(a)	**(2,550)**	**7,786**

Notes to the financial statements are included as pages 26 to 52.

Notes to the Financial Statements for the 52 Week Period Ended 2 July 2023

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.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

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) for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001.* They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the *Corporations Act 2001.*

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 25 September 2023.

(ii) *Basis of Preparation*

The financial year end for the Group is 2 July 2023 and comprises 52 weeks (2022: 3 July 2022 and comprising 52 weeks).

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 swap). 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 2 July 2023 was $5,712,000 (3 July 2022 was $3,298,000). The increment of $2,414,000 was arisen from the business acquisition (2022: Nil). Nil impairment loss were recognised during 2023 (2022: Nil).

(iii) *Changes in Accounting Policies from 2023*

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 52 Week Period Ended 2 July 2023

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 initially recognised at fair value and subsequently 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 52 Week Period Ended 2 July 2023

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 separately 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 2 July 2023 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.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

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 52 Week Period Ended 2 July 2023

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 52 Week Period Ended 2 July 2023

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 52 Week Period Ended 2 July 2023

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 52 Week Period Ended 2 July 2023

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 profit and loss.

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 52 Week Period Ended 2 July 2023

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.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

4. Profit from Operations

	2023 $'000	2022 $'000
(a) Revenue		
Revenue from continuing operations consisted of the following items:		
Revenue from the sale of goods	245,131	224,480
Revenue from the rendering of services	28,668	28,722
Member contributions	6,905	7,087
Rental revenue	386	383
Interest revenue:		
Bank deposits	246	1
Other revenue	2,507	3,007
	283,843	263,680
(b) Profit/(Loss) before income tax		
Profit/(Loss) before income tax has been arrived at after crediting the following gains:		
Other Income:		
Gain on property revaluations recognised through profit or loss	-	211
Gain on disposal of property, plant and equipment (excluding plant and equipment disposed included in below disposal of stores)	-	2,564
Profit on disposal of stores	-	212
	-	2,987
Loss before income tax has been arrived at after charging the following expenses:		
Finance costs:		
Interest on bank loan	224	186
Lease interest expense	4,324	3,209
	4,548	3,395

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

4. Profit from Operations (cont'd)

(b) Profit/(Loss) before income tax (cont'd)

Profit/(Loss) before income tax has been arrived at after charging the following expenses:

	2023 $'000	2022 $'000
Cost of sales	202,067	185,336
Retail expenses	43,123	39,673
Administration expenses	18,224	15,452
Occupancy expenses	16,145	15,405
Marketing expenses	4,799	4,766
Loss on property revaluations recognised through profit or loss	685	-
Loss on disposal of property, plant and equipment (excluding plant and equipment disposed included in above disposal of stores)	21	-
Other expenses	865	1,059
	285,929	261,691
Employee benefit expense:		
Wages and salaries	45,427	42,167
Contributions to superannuation funds	4,837	4,256
Increase / (Decrease) in employee benefits provision	764	174
	51,028	46,597
Depreciation of non-current assets	9,972	9,456
Impairment of non current assets	-	-
Amortisation of customer lists	862	1,058

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

5. Income Taxes

	2023 $'000	2022 $'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	(523)	523
Total tax expense/(benefit)	(523)	523
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	(6,634)	1,581
Income tax revenue calculated at 30% (2022: 30%)	(1,990)	474
Non-deductible expenses – other	1,903	(109)
Non-deductible expenses – non current assets impairment and amortisation	258	317
Current period capital losses utilised / (net capital losses recognised)	-	2,350
Current period capital loss not recognised	-	(2,350)
Current period revenue loss not recognised	-	171
Non taxable income	(100)	(2,347)
Prior period derecognition of revenue and capital losses	(554)	2,200
Adjustments recognised in the current period in relation to prior periods	(40)	(183)
Income tax expense/(benefit)	(523)	523

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2022: 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 52 Week Period Ended 2 July 2023

5. Income Taxes (con't)

	2023 $'000	2022 $'000
(b) Recognised deferred tax asset		
The deferred tax asset is attributable to the following:		
Trade and other receivables	3	3
Inventories	22	66
Property, plant and equipment	(2,978)	(2,266)
Intangible assets	(1,467)	(1,002)
AASB 16 - Lease Asset	(8,326)	(6,747)
AASB 16 - Lease Liability and make-good provision	10,053	8,058
Trade and other payables	64	101
Employee benefits	1,277	1,158
Other items	47	48
Net deferred tax liability on temporary differences	(1,305)	(581)
Tax losses:		
Revenue	6,307	6,142
Capital	2,489	2,485
Total deferred tax on tax losses	8,796	8,627
Total temporary differences on tax losses	7,491	8,046
Revenue losses not recognised	(5,002)	(6,142)
Capital losses not recognised	(2,489)	(1,904)
Net deferred tax asset	-	-
(c) Movement in deferred tax asset		
Opening balance	-	-
Recognised in income	523	(523)
Recognised in equity (property)	(523)	523
Closing balance	-	-

6. Key Management Personnel Remuneration

	2023 $	2022 $
Compensation to directors and other members of Key Management Personnel of the Company and the Group	2,657,799	2,481,503

Key management personnel compensation comprised short term employee benefits, post-employment benefits, other long term benefits and termination benefits.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

7. Trade and Other Receivables

	2023 $'000	2022 $'000
Current		
Trade receivables (i)	3,541	3,741
Allowance for doubtful debts	(15)	(15)
	3,526	3,726
Net GST receivable from Australian Taxation Office	1,236	499
	4,762	4,225
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 (2022: 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

	2023 $'000	2022 $'000
Inventories at cost	41,389	39,024
Provision	(137)	(429)
Total Closing Inventories	41,252	38,595

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

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 4 July 2021	38,937	55,138	10,411	56,934	161,420
Additions	712	3,592	617	2,165	7,086
Lease Modifications	-	508	-	-	508
Disposals	(6,993)	(587)	(353)	(141)	(8,074)
Assets held for Sale	-	-	-	-	-
Net revaluation increments/(decrements)	2,029	-	-	-	2,029
Balance at 3 July 2022	34,685	58,651	10,675	58,958	162,969
Additions	1,036	2,076	1,316	3,912	8,340
Lease Modifications	-	9,365	-	-	9,365
Disposals	-	-	(159)	(904)	(1,063)
Assets held for Sale	-	-	-	-	-
Net revaluation increments/(decrements)	1,950	-	-	-	1,950
Balance at 2 July 2023	37,671	70,092	11,832	61,966	181,561
Accumulated depreciation/amortisation and					
Balance at 4 July 2021	(1,163)	(10,108)	(7,357)	(47,320)	(65,948)
Depreciation expense	(304)	(5,809)	(518)	(2,825)	(9,456)
Lease Modifications	-	1,675	-	-	1,675
Disposals	236	587	300	133	1,256
Impairment of non-current assets	-	-	-	-	-
Assets held for Sale	-	-	-	-	-
Balance at 3 July 2022	(1,231)	(13,655)	(7,575)	(50,012)	(72,473)
Depreciation expense	(321)	(6,344)	(516)	(2,791)	(9,972)
Lease Modifications	-	(289)	-	-	(289)
Disposals	(1)	-	159	884	1,042
Impairment of non-current assets	-	-	-	-	-
Balance at 2 July 2023	(1,553)	(20,288)	(7,932)	(51,919)	(81,692)
Net book value					
As at 3 July 2022	33,454	44,996	3,100	8,946	90,496
As at 2 July 2023	36,118	49,804	3,900	10,047	99,869

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 (2022: M3property), with valuations on five out of total nine properties this 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 30 June 2023 (2022: 30 June 2022).

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

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

As a result of the revaluation, land and buildings increased by $1,949,897 (2022: increased by $2,029,000). Of this $2,634,444 increased the asset revaluation reserve (2022: $1,818,000 increased the asset revaluation reserve) and $684,547 was recognised as an impairment loss (2022: $211,000 as reversal of previous impairment loss) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

10. Goodwill

	Note	2023 $'000	2022 $'000
Gross carrying amount			
Balance at beginning of the period		31,496	32,211
Additions	24	2,414	-
Disposals on sale		-	(715)
Balance at the end of the period		33,910	31,496
Accumulated impairments			
Balance at beginning of the period		(28,198)	(28,913)
Impairments		-	-
Disposals on sale		-	715
Balance at the end of the period		(28,198)	(28,198)
Net book value			
At the beginning of the financial period		3,298	3,298
At the end of the financial period		5,712	3,298

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 2 July 2023 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 2 July 2023 was based on the Group's pre-tax WACC being 13.8% (2022: 12.7%).

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 3.5% has been applied (2022: 2.5%).

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

11. Other Intangible Assets

	2023 $'000	2022 $'000
Licences	2,143	2,143
Customer lists	2,749	1,197
	4,892	3,340

(a) Licences

	2023 $'000	2022 $'000
Gross carrying amount		
Balance at beginning of the period	3,819	3,819
Additions	-	-
Balance at the end of the period	3,819	3,819
Accumulated amortisation/impairments		
Balance at beginning of the period	(1,676)	(1,676)
Impairment	-	-
Balance at the end of the period	(1,676)	(1,676)
Net book value		
At the beginning of the financial period	2,143	2,143
At the end of the financial period	2,143	2,143

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.

(b) Customer Lists

		2023 $'000	2022 $'000
Gross carrying amount			
Balance at beginning of the period		20,874	20,866
Additions	24	2,414	8
Disposals		-	-
Balance at the end of the period		23,288	20,874
Accumulated amortisation/impairments			
Balance at beginning of the period		(19,677)	(18,619)
Amortisation		(862)	(1,058)
Disposals		-	-
Impairment		-	-
Balance at the end of the period		(20,539)	(19,677)
Net book value			
At the beginning of the financial period		1,197	2,247
At the end of the financial period		2,749	1,197

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

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

12. Current Trade and Other Payables

	2023 $'000	2022 $'000
Trade payables (i)	17,759	17,763
Prepaid membership fees	1,255	1,209
Other payables and accruals	6,072	2,687
	25,086	21,659

(i) The average credit period on purchases is 37 days (2022: 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

	2023 $'000	2022 $'000
Interest bearing loan from Key Management Personnel Related Entity (i)	24	24
	24	24

(i) The current effective interest rate on the loan is 4% (2022: 4%)

14. Current and Non-Current Provisions

	Employee Benefits (i) $'000	Site Restoration (i) $'000	Total $'000
Balance at the beginning of the period	7,997	1,356	9,353
Additions	-	247	247
Movements during the period	764	-	764
Disposals	-	-	-
Balance at the end of the period	8,761	1,603	10,364
Disclosed as:			
Current	8,041	43	8,084
Non-Current	720	1,560	2,280
	8,761	1,603	10,364

(i) Site restoration provisions relate to make-good obligations set out within lease contracts recognised in accordance with AASB 16.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

15. Current and Non-Current Borrowings

	2023 $'000	2022 $'000
Current		
Current portion of lease liabilities (i)	8,997	8,321
Secured bank loans (ii)(iii)	2,042	2,309
Balance at end of the period	11,039	10,630
Non-Current		
Non-current portion of lease liabilities	49,573	43,997
Secured bank loans (ii)(iii)	-	-
Balance at end of the period	49,573	43,997

(i) The lease liabilities are discounted at an interest rate ranging between 4.0% to 11.5% dependent on the remaining lease term (2022: 4.0% to 7.2%).

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

(iii) The facilities comprise a $13,000,000 overdraft facility and $2,042,073 loan facility with the following key terms:

- The current effective interest rate of the loan is 5.17% (2022: 1.33%);
- In accordance with the security arrangement of liabilities, all assets of the Group have been effectively pledged as security, including property, plant and equipment of $50,065,000 (3 July 2022: $45,500,000) and inventories of $41,252,000 (3 July 2022: $38,600,000);
- The loan is expired on 30 June 2024, with repayments of $22,225 per month required; and
- Refer to Note 22(b) for current draw down status of the overdraft facility and loan facility.

16. Issued Capital

The Company is limited by Shares and Guarantee. At 30 June 2023 and at 30 June 2022, the Company had no issued shares.

The Company is limited by a guarantee of $1 per Member. At 30 June 2023, the Company had 138,951 Memberships (2022: 137,345).

17. Asset Revaluation Reserve

	2023 $'000	2022 $'000
Balance at the beginning of the period	9,279	10,813
Disposal of property	-	(3,875)
Increase arising on revaluation of properties	2,634	1,818
Tax consequences	(523)	523
Balance at end of the period	11,390	9,279

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 52 Week Period Ended 2 July 2023

18. Commitments for Capital Expenditure

	2023 $'000	2022 $'000
Leasehold improvements	35	-
Building improvements	-	535
Plant & Equipment	418	-
Balance at end of the period	453	535

19. Contingent Liabilities and Assets

The Group has given bank guarantees of $918,000 (2022: $777,000) in relation to leasehold properties. There are no other contingent liabilities or assets as at 30 June 2022 (2022: $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).

	2023 $'000	2022 $'000
Balance at the start of the period	44,996	45,329
Depreciation charge for the period	(6,344)	(5,809)
Additions to right-of-use assets	2,076	3,592
Disposals of right-of-use assets	-	(299)
Modifications to right-of-use assets - annual indexation	9,076	2,183
Balance at the end of the period	49,804	44,996
Recognised within Property, Plant and Equipment	49,804	44,996

(b) Amounts recognised in profit or loss

	2023 $'000	2022 $'000
Interest on lease liabilities	4,324	3,209
Depreciation relating to right-of-use assets	6,344	5,809
Expenses relating to short-term leases	3	191
Balance at the end of the period	10,671	9,209

(c) Amounts recognised in statement of cash flows

	2023 $'000	2022 $'000
Total cash outflow for leases	9,224	8,310

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

20. Leases (cont'd)

(d) Future lease payments

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods:

	2023 $'000	2022 $'000
Less than one year	9,551	8,871
One to five years	40,830	39,587
More than five years	40,935	42,364
Balance at end of the period	91,316	90,822

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 (2022: $Nil) were paid to Australian Friendly Society Pharmacies Association.

(iv) Subscriptions of $103,936 (2022: $58,820) were paid to National Pharmaceutical Services Association.

(v) Consultancy Fees of $136,958 (2022: $25,863) were paid to National Pharmaceutical Services Association.

(vi) Interest of $Nil (2022: $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.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

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:

	2023 $'000	2022 $'000
Cash	1,445	7,786
Bank overdraft	(3,995)	-
(Bank overdraft) / Cash	(2,550)	7,786

(b) Financing Facilities

	2023 $'000	2022 $'000
Overdraft facility		
Facility Limit	13,000	13,000
Amount Drawn	(3,995)	-
Amount Available	9,005	13,000
Secured bank loan facility		
Facility Limit	2,064	2,331
Amount Drawn	(2,042)	(2,309)
Amount Available	22	22
Secured Bank Guarantee		
Facility Limit	1,800	1,800
Amount Drawn	(918)	(777)
Amount Available	882	1,023

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

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

	2023 $'000	2022 $'000
Financial assets		
Loans and Receivables	4,762	4,225
Cash and cash equivalents	1,445	7,786
Total Financial Assets	6,207	12,011

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

23. Financial Instruments (cont'd)

(b) Categories of financial instruments (cont'd)

	2023 $'000	2022 $'000
Financial liabilities		
Trade and other payables	25,086	21,659
Borrowings (including bank overdraft)	64,607	54,627
Other financial liabilities	24	24
Total Financial Liabilities	89,717	54,651

(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.

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

On 30 March 2023, the Group acquired 100% of the shares in Maryborough Guardian Pharmacy. (2022: None)

Detials of the acquisition is as follows:

	2023 $'000	2022 $'000
Consideration		
Cash	5,041	-
Fair Value of Net Assets Acquried		
Current Assets:		
Inventories	267	-
Cash Floats	1	-
Non-Current Assets:		
Property, plant and equipment	13	-
Right of Use Asset	1,223	
Customer List	2,414	-
Current Liabilities		
Employee Benefits	(68)	-
Lease Liability	(1,223)	
Total Net Identifiable Assets	**2,627**	**-**
Goodwill on Acquisition (i)	2,414	-
Net Assets Acquired	5,041	-

(i) The goodwill arising from the acquisition consists largely of the synergies, revenue growth, and furture market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them can not be reliably measured.

(ii) The Group incurred acquisition-related costs of $51,000 on legal fees and licences application costs. These costs have been included in 'Other Expenses' line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

25. Disposals of Businesses

	2023 $'000	2022 $'000
During the financial period, no store was sold by the Group (2022: 1) Details of the disposals are as follows:		
Consideration		
Cash	-	788
Carrying Value of Net Assets Disposed		
Current Assets:		
Cash Floats	-	-
Inventories	-	194
Non-current Assets:		
Property, plant and equipment	-	211
Right-of-use assets	-	299
Licences	-	184
Current Liabilities	-	45
Non-current Liabilities		
Right-of-use Lease Liabilities	-	(328)
Make-good Provision	-	(29)
Net Assets Disposed	-	576
Gain on disposal recognised through other income	-	212

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

26. Parent Entity Information

	2023 $'000	2022 $'000
(a) Financial Position		
Assets		
Current Assets	49,738	52,650
Non-Current Assets	110,473	97,143
Total Assets	160,211	149,793
Liabilities		
Current Liabilities	48,228	39,887
Non-Current Liabilities	51,853	45,776
Total Liabilities	100,081	85,663
Equity		
Issued Capital	-	-
Retained Earnings	48,740	54,851
Asset Revaluation	11,390	9,279
Total Equity	60,130	64,130
(b) Financial Performance		
Profit/(Loss) for the period	(6,111)	1,058
Other comprehensive income	2,111	2,341
Other comprehensive income/(loss)	(4,000)	3,399
(c) Commitments for the acquisition of property, plant and equipment by the parent entity		
Property, Plant & Equipment	453	535

(d) Contingent Liabilities

The Company has given bank guarantees of $833,000 (2022: $777,000) in relation to leasehold properties.

Notes to the Financial Statements
for the 52 Week Period Ended 2 July 2023

27. Controlled Entities

	Country of Incorporation	Ownership Interest 2023 %	Ownership Interest 2022 %
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.

28. Auditors' Remuneration

	2023 $	2022 $
Audit and review services		
Audit and review of financial statements - KPMG	141,197	128,620
Advisory - KPMG	97,671	35,000
Other Assurance Services - KPMG	-	-
	238,868	163,620

29. Subsequent Events

There have been no events subsequent to the reporting date which would have a material impact on the Group's 2 July 2023 financial statements (3 July 2022: none).

Executive Leadership Team

Vito Borrello
Chief Executive Officer

Sarah James
General Manager Operations

Sam Laing
General Manager Health Services

Brad Mills
General Manager Member and Customer Experience

Rob Quinton
General Manager Finance

Jeri Tsoukalas
General Manager People and Technology

National Pharmacies

Friendly Society Medical Association Limited

ABN 69 088 347 602

Registered Office

52 Gawler Place Adelaide SA 5000
PO Box 3640 Rundle Mall SA 5000

membership@nationalpharmacies.com.au

www.nationalpharmacies.com.au

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