

**Here for you  
Here for good**



**Annual Report 2022**

Essential services for your facility and infrastructure

## Acknowledgement of Country

The ARA Group acknowledges the connection of people, land and communities within the areas that we work. We pay our respects to Elders past, present and emerging.

We seek to maintain meaningful partnerships by undertaking the appropriate engagement practices within our business and for our communities. We know the importance of respecting, understanding and sharing the oldest living cultures in the world.

## Contents

| 1  | 2                                  | 3  | 4              | 5                            |
|--|------------------------------------|--|----------------|------------------------------|
| ARA 2022   | ARA In the Community               | ARA Initiatives                                | ARA Divisions  | Audited Financial Statements |
| Letter from the Co-Founder and Chief Executive Officer | 5                                  | 19   | 25             | 33                           |
|  | ARA in the Community               | The Transformation of ARA Fire                 | ARA Divisions  | Audited Financial Statements |
|  |                                    |  | ARA Locations  | 39                           |
| 21 Years of Sales and Profitability                    | 7                                  | 21   | 36             | 93                           |
|  | ARA's Partnership with Taronga Zoo | The Expansion of ARA Locksmiths & ARA Hardware | ARA Leadership | ARA Directory                |
| Recent Returns to our Shareholders                     | 9                                  | 27   |                |                              |
|  |                                    | The Continued Growth of ARA Manufacture        |                |                              |
| Thoughts on ARA's Success and the ARA Culture          | 11                                 |  |                |                              |
| The Unsung Heroes of the ARA Group                     | 13                                 |  |                |                              |



Here for you  
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# Section 01

## ARA 2022

- 5 Letter from the Co-Founder and Chief Executive Officer
- 7 21 Years of Sales and Profitability
- 9 Recent Returns to our Shareholders
- 11 Thoughts on ARA's Success and the ARA Culture
- 13 The Unsung Heroes of the ARA Group

Photograph  
ARA Manufacture  
manufacturing of Renlita  
Doors, Regency Park SA

## Letter from the Co-founder and Chief Executive Officer



At the end of each financial year, I reflect on the year completed and attempt to convey the essence of the year to the reader of our Annual Report. It is not only the financial results that we report, but we try to describe various highlights of the year just completed and how we have grown and matured as an organisation. In this letter, I want to communicate the direction ARA is heading in the future. Consistent with this objective, we created a tag line that we believe reflects where we see ARA today, the strength of ARA, the resilience of ARA and the focus for ARA going forward:

### Here for you. Here for good.

The “you” in **Here for you**, represents our constituencies – our customers, our employees, our shareholders, the charitable organisations, and various foundations ARA supports in the communities where we work. **Here for good** is the direction of the ARA Group in the future. It is the sincere desire of myself as one of the founders of the ARA Group, along with the Board of Directors and the Senior Management Team, to see ARA continue as a privately owned and employee-owned company into the future.

The “you” of the ARA workforce encompasses our 2,800 highly skilled employees who deliver ARA products and essential services every day. Their strong efforts and focus on our customers are the reasons for ARA’s success. It is the ARA work force to whom I express my profound gratitude.

The ARA Senior Management Team are consummate professionals. They provide the leadership for the respective ARA divisions. They send the message of the ARA culture throughout the organisation. They are the leaders of ARA. One major ARA competitive advantage is the continuity and longevity of the Senior Management Team. It is a pleasure to work with our Team every single day and each Team member has my utmost thanks for a job well done.

The Board of Directors is a dedicated group who provide me with advice and guidance throughout the year. I am very grateful for the ARA Board of Directors. The Board of Directors, the Senior Management Team and

myself lead this organisation and together, we continue to make great strides forward.

The combination of the ARA work force, the Senior Management Team and the ARA Board of Directors combined with a dedication to workplace health and safety, make it possible for ARA to be **Here for good**.

For twenty-one years now, we have worked to grow the company both organically and through strategic acquisitions. We have used cash flow from operations, a continued infusion of equity from our employees and shareholders and borrowings from our banks, to fund our organic growth and our acquisitions. At all times, we have made certain that we kept our balance sheet strong and limited our borrowed funds to the extent that our earnings and cash flow could support those borrowings. And, we have worked hard to pay a good return to our shareholders with fully franked dividends. It is our belief, that if we achieved these objectives, the value of the ARA shares would increase. And, that is, in fact, what has happened.

ARA has demonstrated remarkable resilience since the start of our journey twenty-one years ago. Not only has the company survived the coronavirus pandemic during the past two and a half years, but ARA survived the global financial crisis in the years 2008 – 2010. Although it is not a prediction of the future, we do seem to have a successful mix of technical services, soft services and manufacturing know how and capacity that works well together for our total offerings in Australia and New Zealand.

ARA has had a consistent acquisition strategy since our inception in 2001. Predominantly, we focus on small and medium sized businesses, that are consistent with the services we provide, or the type of products we manufacture. Throughout our history we have maintained this approach. The only exception to this strategy was five years ago when we added a new service, that being commercial cleaning. During this past financial year, ARA spent \$55 million on 10 major acquisitions in Australia and New Zealand. Each of these acquisitions added related services or a new geography or additional products to our current offerings.

“Success is not final,  
failure is not fatal:  
it is the courage to  
continue that counts.”

Winston S. Churchill



### The following is a summary of the businesses, services and products acquired this past financial year:

- Fire protection service in Adelaide
- Fire door manufacturing in Melbourne
- Fire protection and electronic security in Sydney
- Electrical data cabling in Sydney
- Vehicle fire suppression installation and service in Western Australia and Queensland
- Electronic security integrator in the South Island of New Zealand
- Architectural hardware distribution and contracting and service in New Zealand
- Life safety service in the shipping industry in Australia
- Locksmith service in Melbourne, Brisbane and Sydney
- High security door and hardware manufacturing in Canberra

As the ARA business has matured during the past ten years, there has been an increasing focus on paying dividends to our shareholders. \$102 million of fully franked dividends have been declared in the past ten years. During financial year 2022, ARA declared \$18.6 million, or \$.42 per share, as compared to \$17.6 million, or \$.425 per share, in 2021. As of 30 June 2022, there remain \$38 million of unused franking credits. The company will continue its focus on continuing to pay fully franked dividends in the future.

Financial year 2022 was a record year of sales and earnings for ARA. After last year’s modest decline in revenue due to the reduced infrastructure projects in our work last year, we have really bounced back to a record revenue amount of \$721 million, an increase of \$145 million, or 25%. Approximately half of the increase in revenue is a result of organic growth, and the other half of the increase is a result of acquisition growth.

2022 was the seventh consecutive year of record operating earnings. EBITDA increased from \$46.3 million in 2021 to \$50.5 million in 2022, an increase of \$4.2 million, or 9%. Each ARA Division contributed significantly to the increase in the Group’s earnings.

The operating cash flow for the Group in 2022 was very strong. 103% of EBITDA was converted into operating cash flow (156% in 2021). Free cash flow in 2022 was \$33.8 million as compared to free cash flow in 2021 of \$52.4 million.

Earnings per share increased from \$.57 per share to \$.59 per share. Although net income increased by \$2.6 million in 2022 from 2021, the increase in earnings per share was limited by additional shares issued to effect various acquisitions during the year.

The amount of confirmed forward orders, or backlog, has increased to \$366 million at 30 June 2022 from \$305 million, an increase of 20%. This amount of backlog is a new record for ARA. The increased level of backlog indicates ARA has momentum going into the new financial year. There are headwinds in the economy that may offset the amount of new work in hand. Additional employees required to complete our work are very difficult to find. There is significant competition for employees throughout Australia and New Zealand. Higher interest rates may slow the economy. Any effect on ARA’s operating results due to the macroeconomic environment is very hard to predict.

By ensuring that we maintain our focus on the “You” – our customers, our employees, our shareholders, our communities – ARA will be in a strong position to move forward and be **Here for good**.

**Edward Federman**

Executive Chair and Chief Executive Officer  
ARA Group Limited

# 21 years of Sales and Profitability

| Year | Revenue (\$ million) |
|------|----------------------|
| 2002 | \$ 28 082 552        |
| 2003 | \$ 62 993 640        |
| 2004 | \$ 72 221 956        |
| 2005 | \$ 86 187 419        |
| 2006 | \$ 96 946 955        |
| 2007 | \$ 154 037 926       |
| 2008 | \$ 184 024 816       |
| 2009 | \$ 201 231 951       |
| 2010 | \$ 197 395 799       |
| 2011 | \$ 248 552 009       |
| 2012 | \$ 270 167 354       |
| 2013 | \$ 279 972 944       |
| 2014 | \$ 301 054 233       |
| 2015 | \$ 321 678 529       |
| 2016 | \$ 352 322 332       |
| 2017 | \$ 372 332 384       |
| 2018 | \$ 479 211 231       |
| 2019 | \$ 555 298 215       |
| 2020 | \$ 621 298 088       |
| 2021 | \$ 576 290 514       |
| 2022 | \$ 721 422 469       |

| Year | EBITDA (\$ million) |
|------|---------------------|
| 2002 | \$ 2 692 817        |
| 2003 | \$ 1 424 211        |
| 2004 | \$ 4 042 872        |
| 2005 | \$ 6 911 968        |
| 2006 | \$ 7 447 844        |
| 2007 | \$ 8 277 627        |
| 2008 | \$ 9 901 948        |
| 2009 | \$ 10 588 948       |
| 2010 | \$ 6 553 299        |
| 2011 | \$ 9 243 426        |
| 2012 | \$ 12 049 342       |
| 2013 | \$ 8 809 653        |
| 2014 | \$ 13 020 857       |
| 2015 | \$ 10 028 501       |
| 2016 | \$ 16 658 919       |
| 2017 | \$ 22 906 838       |
| 2018 | \$ 27 039 897       |
| 2019 | \$ 32 509 376       |
| 2020 | \$ 36 500 298       |
| 2021 | \$ 46 331 955       |
| 2022 | \$ 50 492 544       |



Revenue increased \$145 million, to \$721 million, from \$576 million in 2021. This represents a 25% increase. Approximately half of the increase is a result of organic growth whilst the other half of the increase is due to the inclusion of acquisitions in the current year. The increase of revenue in 2022 reflects additional infrastructure projects in the company's work this year, after a reduced amount in 2021. The impact of COVID was less in the last nine months of this financial year after a difficult first quarter when there were lockdowns in Sydney, Melbourne and Auckland.

During the past 21 years of ARA Group operations, revenue has grown at a compounded rate of 17.6%.

The Products Division, the Electrical Division, the Fire and Security Division and the Mechanical Division all experienced significant increases in revenue during 2022 as compared to 2021. The Property Division's revenue was consistent with the prior year.

The backlog of the Group grew to \$366 million at 30 June 2022 from \$305 million at 30 June 2021. This indicates there is still significant work ahead for the Group.

EBITDA in 2022 was ARA's seventh successive year of record profits. EBITDA increased from \$46.3 million to \$50.5 million, an increase of \$4.2 million, or 9%. EBITDA was 7% of revenue, representing a slight decrease from 8% in 2021. Meaningful contributions to EBITDA were made from all divisions.

During the past 21 years of ARA Group operations, EBITDA has grown at a compounded rate of 15.8%.

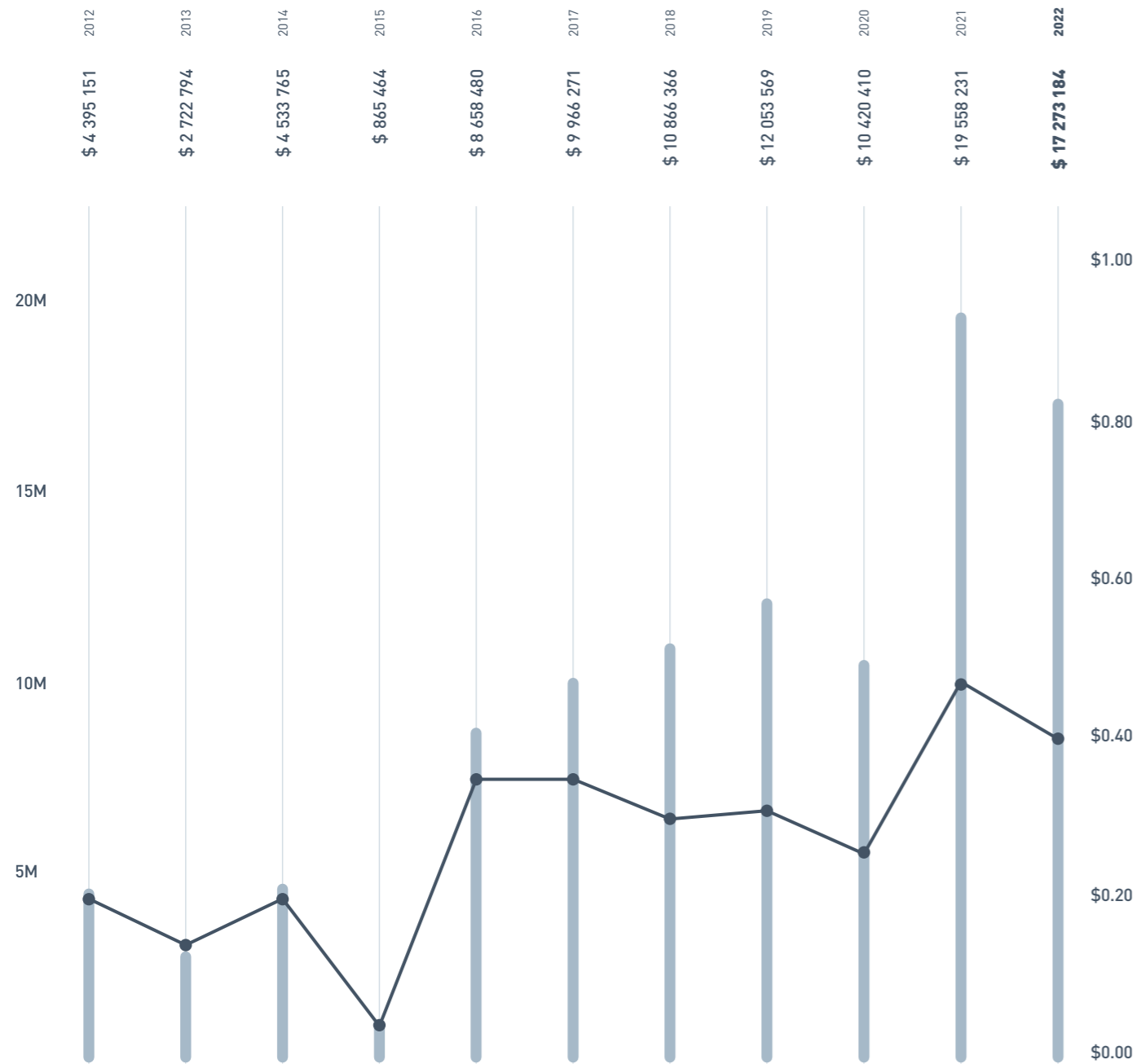
**Note:** EBITDA is presented before the impact of the accounting standard (AASB 16) Leases.

Photograph ARA Tunnels & Infrastructure working on the Westconnex M5 East Tunnel

# An employee owned company

## Recent returns to our shareholders

Dividends Paid - \$101.3 million in the last 11 years



- Dividends paid
- Dividends paid per share

It has always been the objective of the founders of ARA to grow the business, both organically and via acquisition, keep the borrowings at an affordable level and provide an above average return on investment to the shareholders via fully franked dividends. The graph demonstrates the consistent payment of dividends in the last eleven years, all of which are fully franked. There remains \$38 million of unused franking credits. In the early years of ARA most of the net income was put back into the business to accelerate growth. As the business matured, earnings increased and more shares were issued, the Board of Directors began to declare meaningful dividends. And, in a year when earnings did not justify significant dividends, the dividends

**Photograph**  
ARA Security infrastructure protection upgrade through install of CCTV throughout NSW



were not paid. As the company has had seven years in a row of record earnings, the amount of dividends paid has increased. The increase in dividends paid is also consistent with additional shares issued to employees and used for acquisitions.

The dividends paid in the last three years has averaged \$.38 per share. Until there was some certainty in 2020 that the company did well through the start of the pandemic, dividends were held back somewhat in 2020. As ARA performed well, the amount of dividends increased in 2021 and 2022.

It is the intention of the Board of Directors to continue to pay meaningful dividends so long as the earnings of ARA support the payment of those dividends. At the current price ARA shares have traded recently, \$6.50 per share, the dividend yield on dividends paid in 2022 was 6.1%. The average dividend yield for the ASX All Ordinaries in financial year 2022 was 3.66%<sup>1</sup>. On the basis of dividends paid in the last three quarters, the dividend yield on ARA shares is 7.5%. The goal of ARA is to continue to pay dividends at the current rate, although there is no guarantee this can be accomplished.

1. Source: <https://www.ato.gov.au/Rates/Company-tax---imputation--average-franking-credit---rebate-yields/>



“So be sure when you step,  
step with care and great tact.  
and remember that life’s  
a great balancing act.  
And will you succeed?  
Yes! You will, indeed!  
(98 and <sup>3</sup>/<sub>4</sub> percent guaranteed)  
Kid, you’ll  
move mountains.”

Dr. Seuss - Oh, The Places You’ll Go!

Photograph  
ARA Electrical access  
upgrade project  
West Dapto NSW

## ARA’s success and the ARA culture

Thoughts by Edward Federman

**By many measures, it can be safely said that the ARA Group is a success story.**

- Revenue has grown at a compounded growth rate of 17.6% for the past 21 years.
- EBITDA has grown at a compounded growth rate of 15.8% for the past 21 years.
- Earnings per share has grown at a compounded growth rate of 5.3% for the past 21 years.
- ARA is an employee-owned business with approximately 300 employees owning shares in the company.
- ARA supports a wide range of charities and foundations and needs in the communities where we work.
- The ARA Endowment Fund now has approximately \$2.5 million of principal that generates earnings for the three foundations it supports.
- ARA has provided a good return on investment to its shareholders:
  - The share price has grown at a compounded growth rate of 9.8% for the past 21 years.
  - ARA has paid more than \$100 million in fully franked dividends during the past 11 years.
  - The current dividend rate is a 7.5% dividend yield on the current share price.

**These measurements of success do support the theme of this year’s Annual Report: Here for you. Here for good. There are many unseen and subtle attributes of ARA that support the success today: Here for you. and the hope for the future: Here for good.**

### Anonymity

From the very beginning, and even as the ARA Group grew consistently and profitably, we attempted to remain thankful and humble for our good fortune and “under the radar.” In more recent years, even as we grew more and serviced many significant customers around Australia and New Zealand, we preferred to let our installation work, our products and our service provided do our talking for us. I still enjoy meeting people and explaining who ARA is, what we do and how we perform. Many of the people I meet and readers of our annual report, express surprise at our operating and financial strength and breadth.

As a point of fact, despite our revenue of \$721 million and our workforce of 2,800 people, one will not find ARA on any list of Australia’s largest private companies. We are proud of who we are, humbled by our success, remain dependable for our customers and work hard toward being an employer of choice for our employees. We look to each other and inside ourselves, our customers and our shareholders for our feelings of accomplishment.

### Responsibility

There are many aspects of the ARA culture that have developed over the years that motivate us. Principally, we rely on our management and our employees to do their job, be accountable and take responsibility. This philosophy generates feelings of ownership in each individual’s work. It is our belief that it is human nature that people want to have responsibility and a feeling of “ownership” in their work. ARA’s results to date indicate this approach is working.

### Accountability

Everyone is accountable in the ARA businesses. We work together to set goals and targets. If an ARA business or profit centre is struggling to achieve the operational and financial goals we set together, then we work together to determine the work needed to be done to get the business on track. In short, although each of us is accountable, we communicate and collaborate to ensure success.

### Transparency

From the very early days of the ARA Group, we have tried to be transparent to our customers, our suppliers and each other. Some of our service systems that our businesses use have customer portals in which they can see that the respective ARA business has completed its inspection of the customers’ equipment and we have completed their repairs as requested. Our decision to publish an Annual Report twelve years ago and each year thereafter is also indicative of our desire to be transparent to our constituencies.

### Community

I have a strong belief that a business organisation is an important member of the communities where we work. We have an obligation to give back to those communities. This concept of corporate social responsibility has filtered throughout the organisation. Our employees and our Board of Directors also recognise this responsibility. ARA has often matched our employees’ contributions to charities particularly when there have been natural disasters and our fellow Australians need help. ARA also matches all the employees’ contributions to the ARA Endowment Fund. The ARA Endowment Fund currently has a principal balance of approximately \$2.5 million. The earnings from the Fund are given to registered Australian charities. It is my dream that one day there will be \$10 million in the Fund. If we can achieve this level then ARA will have left a lasting legacy whereby hundreds of thousands of dollars will be available into perpetuity for our designated charities. We often have employees come to management and make requests for charitable contribution to causes that are important to them. ARA will continue to try to be the best corporate citizen that we can be. In the pages ahead, you will see the scope of ARA’s involvement in the community.

### Ownership

From the very beginning of the ARA Group, it was always my goal for ARA to be an employee-owned company. It was my belief that it was likely communication and collaboration would be enhanced if many employees owned the company. In essence, it would be easier to get more and more of us to be “rowing in the same direction.” Today, there are approximately 300 employees who own shares in ARA. Employee share ownership began in 2007 when shares were made available to senior managers. From that point, we started to use shares as consideration when we acquired businesses. This form of consideration was used to ensure that ARA could continue to acquire companies without becoming too highly leveraged. From time to time, during the past 15 years, we gave employees opportunities to purchase shares and many employees took advantage of this opportunity. Beginning in 2019 an initiative began to recognise and reward those employees who did exceptional work in the financial year just ended. In addition to recognition in the Annual Report, these employees were given an allotment of ARA shares. This allows for the expansion of employee share ownership. It is my dream one day all ARA employees will own shares.

## Our People

# The Unsung Heroes of the ARA Group

They work hard and rise to the challenge. They lead through example, uplift their teammates and provide extraordinary customer service. They embody the resourceful spirit of ARA and they are indispensable to our success.

These are some of the unsung heroes of our Group. We are proud to share in their achievements.



**Name:** Aaron Turner  
**Job Title:** Builder  
**Division:** ARA Building Services  
**Location:** Kingsgrove NSW  
"Aaron is a polite, reliable, hardworking employee and is always as helpful as possible. All of our staff and customers love to deal with him. His work ethic on-site at Sydney Olympic Park has been outstanding."  
**Anthony Murr, Managing Director**  
ARA Building Services



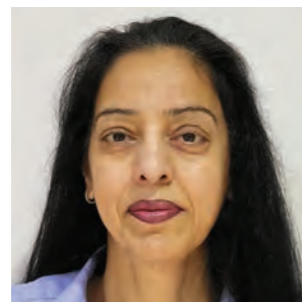
**Name:** Achala Perera  
**Job Title:** Purchasing Manager  
**Division:** ARA Property Services  
**Location:** Hawthorn VIC  
"Achala is an exceptional employee who has a remarkable can-do attitude. He is always helpful to others, and he reliably finds the best outcomes for both clients and ARA. His efforts over the past 3 years have been significant, especially during the pandemic."  
**Paul McCann, Managing Director**  
ARA Property Services



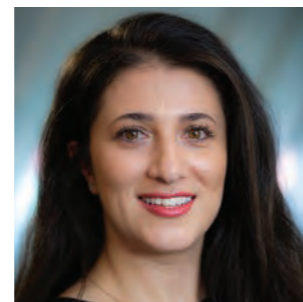
**Name:** Adam Elvy  
**Job Title:** Project Manager  
**Division:** ARA Fire & Security  
**Location:** Kingsgrove NSW  
"With 42 years of industry experience, it is Adam's wealth of knowledge and skill in the fire protection industry that we can thank for helping in building Austratronic's reputation for an outstanding, high-quality service. Adam is an integral member of the team - a true asset to our company."  
**Adam Hajek, Managing Director**  
Austratronics | ARA Fire & Security



**Name:** Adrian Arulanandham  
**Job Title:** Finance Manager  
**Division:** ARA Fire & Security  
**Location:** Kingsgrove NSW  
"Adrian is a quiet achiever who is highly regarded by the operations team for assisting them with the financial information and support they require. Adrian is an exceptional leader and a valuable member of the finance team."  
**Tony Franov, Managing Director**  
ARA Fire & Security



**Name:** Alka Seth  
**Job Title:** Customer Service Team Leader  
**Division:** ARA Manufacture  
**Location:** Auckland NZ  
"Alka is highly regarded for her knowledge on the Metalbit service systems. She is the first person our service providers & customers contact for emergency doors and repairs."  
**Mark Pamula, Managing Director**  
ARA Manufacture



**Name:** Azita Doudman  
**Job Title:** Senior In-House Counsel  
**Division:** ARA Corporate Services  
**Location:** Crows Nest NSW  
"Azita is a dedicated and hardworking member of our legal and risk team. Azita's attitude and friendly approach, is well respected throughout the organisation."  
**Allison McCann, Chief Financial Officer**  
ARA Group



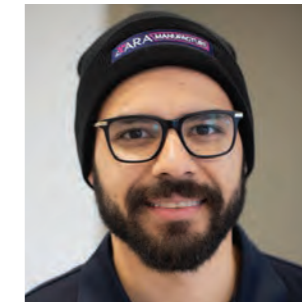
**Name:** Belinda Baudinette  
**Job Title:** Service Operations Manager  
**Division:** ARA Fire & Security  
**Location:** Balcatta WA  
"Belinda is an integral part of the WA operations team. Her ability to lead, communicate and problem solve is second to none and she has been a key part of our continued growth in WA."  
**Tony Franov, Managing Director**  
ARA Fire & Security



**Name:** Bill Reid  
**Job Title:** Senior Project Engineer  
**Division:** ARA Electrical  
**Location:** Ingleburn NSW  
"One of our longest serving employees with 33 years working with the ARA/BASS Electrical Business, Bill's experience and knowledge in the Design and Engineering space is exceptional. He is highly respected by our clients."  
**Adam Shepherd, Director - General Manager**  
Southern & Central Region | ARA Electrical



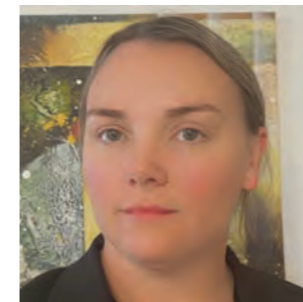
**Name:** Caroline O'Loughlan  
**Job Title:** Service Co-ordinator  
**Division:** ARA Fire & Security  
**Location:** Bella Vista NSW  
"Caroline is a key member of the service team here at Servcore. Her ongoing commitment to customer satisfaction, diligence to detail, clear and concise communication are the reasons she is held in high regard, by clients, management, technicians, and the rest of the service team."  
**Tony Franov, Managing Director**  
ARA Fire & Security



**Name:** Cesar Penalzo  
**Job Title:** Project Officer  
**Division:** ARA Manufacture  
**Location:** Derrimut VIC  
"The enthusiasm, energy and work ethic from Cesar is matched by his high level engineering and design knowledge and performance. Cesar has consistently ensured that shop drawing targets are met, even on tight timelines."  
**Mark Pamula, Managing Director**  
ARA Manufacture



**Name:** Chris Butcher  
**Job Title:** Leading Hand  
**Division:** ARA Fire & Security  
**Location:** Forrestdale WA  
"As leading hand Chris currently leads and mentors a team of 7 technicians across WA. Chris's knowledge on mobile fire suppression is second to none and his ability to support our technicians and clients is helping ARA Fire | FSS with our continuous growth."  
**Tony Franov, Managing Director**  
ARA Fire & Security



**Name:** Cindy McGregor  
**Job Title:** Contract Supervisor  
**Division:** ARA Indigenous Services  
**Location:** Chinchilla QLD  
"Cindy has displayed a real can do attitude, leading by example, promoted from a shift cleaning position on the Shell contract, to contract supervisor. Cindy has exceeded expectations on every level. Excelling in her new role, client feedback on Cindy's performance has been outstanding."  
**Michael O'Loughlin, Managing Director**  
ARA Indigenous Services



**Name:** Daniel Moore  
**Job Title:** Design Draftsman  
**Division:** ARA Manufacture  
**Location:** Adelaide SA  
"Regardless of the task at hand, Daniel places every consideration and the necessary attention to detail whilst producing engineering drawings and any other task requested of him, completing it very efficiently with 100% accuracy."  
**Mark Pamula, Managing Director**  
ARA Manufacture



**Name:** Ervie Herani  
**Job Title:** Project Co-ordinator  
**Division:** ARA Fire & Security  
**Location:** Bella Vista NSW  
"Ervie is a highly committed member of the team. She strives to ensure that each and every one of our customers receive the best attention, on time delivery and customer service second to none."  
**Tony Franov, Managing Director**  
ARA Fire & Security



**Name:** Evan Chan  
**Job Title:** Design Manager  
**Division:** ARA Manufacture  
**Location:** Tuggerah NSW  
"As Design Manager, Evan has consistently used his intelligence from an engineering, design, costing perspective to enable Leda to remain a market leader for our bollards, gates and bike parking. Evan always goes over and above for the betterment of the organisation."  
**Mark Pamula, Managing Director**  
ARA Manufacture



**Name:** Jae Man Han  
**Job Title:** Senior Fabrication Engineer  
**Division:** ARA Manufacture  
**Location:** Auckland NZ  
"Jae Man, (Jimmy) has worked in our Bus Shelter business for the last 8 years. Jimmy is a very experienced and highly skilled welder of steel and aluminium, producing components to the very highest quality."  
**Mark Pamula, Managing Director**  
ARA Manufacture



**Name:** Jason Chang  
**Job Title:** Security Technician  
**Division:** ARA Fire & Security  
**Location:** Auckland NZ  
"Jason's dedication and commitment to our team is second to none, every area of the business he's been involved in he has excelled. When an opportunity opened for him to lead our fantastic security project team he stepped into the role like a natural."  
**Tony Franov, Managing Director**  
ARA Fire & Security



**Name:** Jason Murray  
**Job Title:** Operations Manager  
**Division:** ARA Mechanical  
**Location:** Orange NSW  
"Jason has been a key member of the ARA Mechanical team in Orange for the last 4 years and has been an integral part of the recent success of the revitalised Orange business."  
**Phil Harding, Managing Director**  
ARA Mechanical



**Name:** Jessica Craig  
**Job Title:** Service Administration Supervisor  
**Division:** ARA Mechanical  
**Location:** Kingsgrove NSW  
"Jessica is extremely hard working and has a can-do attitude that sees her seeking out solutions to problems quickly and efficiently. Jessica is liked and respected by clients and work colleagues."  
**Phil Harding, Managing Director**  
ARA Mechanical





**Name:** Joshua Toomey  
**Job Title:** Indigenous Engagement Officer  
**Division:** ARA Indigenous Services  
**Location:** Kingsgrove NSW

"Joshua has done an amazing job leading the Wiimali Program and mentoring ARA Group's Indigenous staff. Joshua's efforts have led to the highest number of Indigenous staff, in ARA Group history."

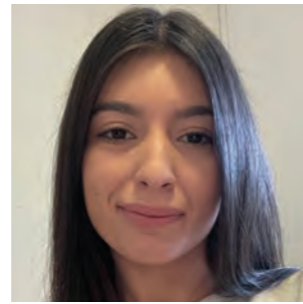
**Michael O'Loughlin, Managing Director ARA Indigenous Services**



**Name:** Kainu McDonald  
**Job Title:** Area Service Manager  
**Division:** ARA Mechanical  
**Location:** Kingsgrove NSW

"Kai's dedication to his work is second to none. He constantly seeks out new challenges, especially when a task has proven difficult and prides himself on getting results. That said, Kai is always the first to tell you he's only as good as the team around him."

**Phil Harding, Managing Director ARA Mechanical**



**Name:** Kathleen Delios  
**Job Title:** Compliance and Administration Manager  
**Division:** ARA Fire & Security  
**Location:** Kingsgrove NSW

"Starting as a casual administrator and now in a National Compliance role, Kathleen will always go that extra step to ensure that all our new starters and existing are looked after and welcomed into the business. An excellent asset to have in any team."

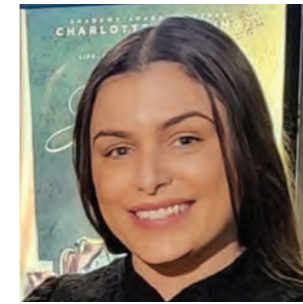
**Tony Franov, Managing Director ARA Fire & Security**



**Name:** Kenneth Vitor  
**Job Title:** Lifeboat Service Engineer  
**Division:** ARA Fire & Security  
**Location:** Henderson WA

"Kenneth approaches his work consistently with a can do attitude bringing his wealth of experience of dealing with commercial shipping and lifeboat operating systems. He is frequently thanked for his diligence and work ethic from customers."

**Tony Franov, Managing Director ARA Fire & Security**



**Name:** Rachael Foster  
**Job Title:** Operations Reporting Co-ordinator  
**Division:** ARA Property Services  
**Location:** Hawthorn VIC

"Rachael always approaches all of her tasks with a smile and a can-do attitude. She is happy to go the extra mile in providing support to the Operations Team delivering high-level client reports and administration"

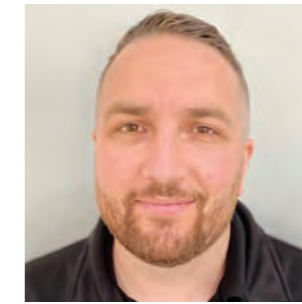
**Paul McCann, Managing Director ARA Property Services**



**Name:** Renato Magsino  
**Job Title:** IT Infrastructure Manager  
**Division:** IT Support  
**Location:** Kings Park NSW

"Renato is consistently reliable and ready to push the bar, bringing his best to work every day highlights his contagious positive attitude. He is always willing to improve and think outside the box."

**Allison McCann, Chief Financial Officer ARA Group**



**Name:** Rodney Cutler  
**Job Title:** Sprinkler Service Manager  
**Division:** ARA Fire & Security  
**Location:** Kings Park NSW

"Rod manages a top performing fire sprinkler service team, and delivers continual outstanding results for the business and our customers. His dedication is unwavering and is recognized by all that work with Rod."

**Tony Franov, Managing Director ARA Fire & Security**



**Name:** Sarath Ky  
**Job Title:** Electrical Fitter  
**Division:** ARA Electrical  
**Location:** Minto NSW

"We regard Sarath's skills as a standard to which others should uphold in quality, safety and time management. He shows great teamwork and is always ready to assist his colleagues in ensuring standards and customer satisfaction are adhered to."

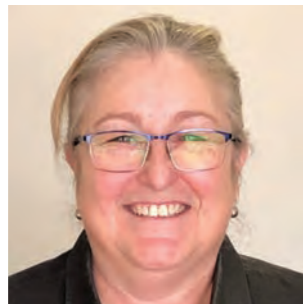
**Mile Belevski, General Manager - JBM Power ARA Electrical**



**Name:** Lindsey Yaman  
**Job Title:** Supply Chain Supervisor  
**Division:** ARA Products  
**Location:** Belrose NSW

"Lindsey does so much for the business behind the scenes. She is hard working and conscientious and will always go the extra mile in making sure that all aspects of her role are completed with the utmost care and diligence."

**Stuart Harmer, Managing Director ARA Products**



**Name:** Lisa Corbett  
**Job Title:** Administration Co-ordinator  
**Division:** ARA Electrical  
**Location:** Singleton NSW

"As administration coordinator Lisa controls all the day to day administration tasks that keep the Singleton branch moving. She does her job well and is always looking to do more to help her team."

**Darrell Milne, General Manager Singleton | ARA Electrical**



**Name:** Maddison Fowler  
**Job Title:** Administration Assistant  
**Division:** ARA Electrical  
**Location:** Unanderra NSW

"A highly valued member of ARA Electrical, Maddison brings a positive attitude, excellent service and takes on any task to support the business. She is exceptionally talented, hard working and dedicated to her role."

**David Hides, Chief Financial Officer ARA Electrical**



**Name:** Mandy Plyman  
**Job Title:** Administration Manager  
**Division:** ARA Fire & Security  
**Location:** Loganholme QLD

"Mandy has worked within the administration and account management team for six years, and is a pivotal part of the ARA Fire QLD business. Mandy receives great feedback from our clients, and her dedication to her role is appreciated."

**Tony Franov, Managing Director ARA Fire & Security**



**Name:** Sherry Xiong  
**Job Title:** Accountant  
**Division:** ARA Property Services  
**Location:** Hawthorn VIC

"Sherry demonstrates dedication and ownership of her responsibilities delivering payroll duties with high level accuracy in multiple complex systems for ARA Indigenous, ARA Property and Complex Solutions. She is hard working, efficient and reliable at all times."

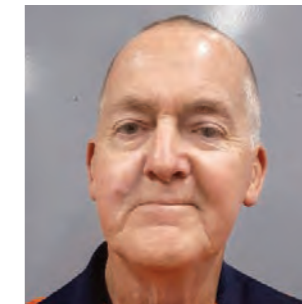
**Paul McCann, Managing Director ARA Property Services**



**Name:** Sreedev Radhakrishnan  
**Job Title:** Senior Project Engineer  
**Division:** ARA Fire & Security  
**Location:** Kings Park NSW

"Sreedev is a quiet and consistent achiever, whose dedication and commitment to ensuring the best outcome for our team, whilst never seeking personal accolades, is unwavering. He is highly respected by both our customers and his team."

**Barrie Smith, General Manager ARA Tunnels & Infrastructure**



**Name:** Steve Toohey  
**Job Title:** Electrical Foreman  
**Division:** ARA Electrical  
**Location:** Unanderra NSW

"Steve Toohey manages our Service division in Wollongong. Steve is hardworking, reliable and is always willing to go that next level in providing a service to our clients, no matter what time of the day it is."

**Adam Shepherd, Director - General Manager Southern & Central Region | ARA Electrical**



**Name:** Tracy Earle  
**Job Title:** Senior Customer Relationship Manager  
**Division:** ARA Indigenous Services  
**Location:** Canberra ACT

"Tracy demonstrates exceptional pride in her role with ARA, never seeking recognition but with a quality of service second to none. This shines through to the staff and our clients."

**Michael O'Loughlin, Managing Director ARA Indigenous Services**



**Name:** Mark Hickey  
**Job Title:** Technical Manager  
**Division:** ARA Building Services  
**Location:** SA

"Mark has recently stepped up to take on the role of Technical Manager, and always goes above and beyond to help with whatever we need and look after our client's needs."

**Anthony Murr, Managing Director ARA Building Services**



**Name:** Murray Curtis  
**Job Title:** Senior Foreman  
**Division:** ARA Electrical  
**Location:** Ingleburn NSW

"An integral member of the Central Division, Murray has been with our business for 17 years and has demonstrated continuous dedication and commitment in getting the job done. Murray is a great mentor to our upcoming Electrical Apprentices."

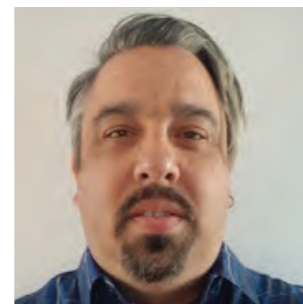
**Adam Shepherd, Director - General Manager Southern & Central Region | ARA Electrical**



**Name:** Paul Corrigan  
**Job Title:** Warehouse Manager  
**Division:** ARA Fire & Security  
**Location:** Kings Park NSW

"Paul is reliable and hardworking with an infectious can-do attitude. Paul is always willing to go the extra mile to support our clients and his teammates."

**Barrie Smith, General Manager ARA Tunnels & Infrastructure**



**Name:** Phil Nelson  
**Job Title:** Operations Manager  
**Division:** ARA Manufacture  
**Location:** Christchurch NZ

"Phil's commitment to his clients and the Metalbilt team members exceeds expectations. One of our most experienced people, he is called on to do multiple tasks from installations, quoting, manufacturing and enquiries."

**Mark Pamula, Managing Director ARA Manufacture**



**Name:** Tristan Kenyon  
**Job Title:** Film Producer/Director  
**Division:** ARA Creative Team  
**Location:** Crows Nest NSW

"Responsible for the management of ARA's photography and video department and the Creative Team's many technical/digital needs, Tristan's high attention to detail continuously lifts the standard of the ARA Group's branding and marketing projects."

**Paul Dieckmann, Creative Director ARA Group**



**Name:** Troy Christensen  
**Job Title:** Cabinet Maker  
**Division:** ARA Building Services  
**Location:** Airport West VIC

"A loyal employee from the start, Troy is always dependable and extremely reliable. His willingness to learn new things has made him a very versatile employee. He is well liked and is always willing to provide his best."

**Anthony Murr, Managing Director ARA Building Services**

## Thank you to The Unsung Heroes of the ARA Group



## Section 02 ARA In the Community

- 19 ARA in the Community
- 21 ARA's Partnership with Taronga Zoo

Photograph  
The Sydney Writers' Festival  
in 2022, Carriageworks  
Sydney NSW

## Philanthropy

# ARA in the Community

ARA continues to believe that it has a responsibility to assist the communities where we operate. During the past 21 years of ARA Group operations, we have contributed significantly relative to the profits of the Group. During financial year 2022, ARA Group contributed approximately \$1.5 million to the causes detailed below. Additionally, the ARA Endowment Fund contributed a total of \$96,000 in 2022 to the three foundations the Endowment Fund supports.

Although there is an emphasis on contributions to the arts and literature there are several other categories of contributions. Once ARA becomes committed to an organisation, we remain consistently committed as we attempt to build a meaningful partnership.

### Disaster Relief

For the past two years, ARA has donated \$100,000 per year to Givit, a national charity who helps Australians in need. The floods in the past two years created a desperate need among many Australians. Givit has little administrative overhead, so over 90% of our donations get to the people in need.

### Literature

In 2020, ARA established the ARA Historical Novel Prize in partnership with the Historical Novel Society Australasia. This literary prize recognises historical fiction. ARA provides \$100,000 of prize monies which makes this literary prize the richest genre prize in Australia and New Zealand. The ARA Historical Novel Prize has both an Adult category and a Children and Young Adult (CYA) category. The ARA Historical Novel Prize awards \$50,000 to the Adult category winner, with an additional \$5,000 awarded to each of the remaining two shortlisted authors. In the CYA category, the winner receives \$30,000, while the two remaining shortlisted authors receive \$5,000 each. ARA also supports the Historical Novel Society's biennial conference.

ARA is the Principal Partner of the Sydney Writers' Festival. ARA has supported the Sydney Writers' Festival for the past six years and is committed to continue as the Principal Partner. The Sydney Writers' Festival brings hundreds of authors together with more than 80,000 attendees at the Festival each year.

ARA has been the Principal Partner of the Melbourne Writers Festival for the past two years. The Melbourne Writers Festival has more than 150 events with hundreds of authors. The Festival brings together tens of thousands of people who have a love of literature.

### ARA Endowment Fund

The ARA Endowment Fund was established in 2009. It is the dream of ARA to build the balance in the ARA Endowment Fund to \$10 million in the future. When we achieve that dream, there will be hundreds of thousands of dollars in earnings from the ARA Endowment Fund to support charities in Australia. It will also mean the ARA Group has left an enduring and lasting legacy to the Australian community.

Each year, 100% of the annual earnings of the ARA Endowment Fund is donated to registered Australian charities. The principal balance of the ARA Endowment Fund is currently \$2.5 million. In 2022, this principal balance generated \$96,000 which was donated to the three Foundations currently being supported by the ARA Endowment Fund: The GO Foundation, The Indigenous Literary Foundation and The David Lynch Foundation.

### Arts and Higher Education

ARA is the Principal Partner for Property Services for the National Institute of Dramatic Art (NIDA). We have made a multi-year commitment to NIDA. As a part of the ARA Principal Partner sponsorship, three \$10,000 scholarships are given each year to three Indigenous students studying at NIDA.

### Arts and Literature for Children

The Sydney Writers' Festival's (SWF) Russ the Bus initiative brings books to children in disadvantaged areas of New South Wales. In addition to being the Principal Partner of the SWF, ARA has been a significant contributor to Russ the Bus. Literacy in children is so important. Our hope is that the children receiving books and meeting the authors of many of those books develop a lifelong love of reading.

The Monkey Baa Theatre is a preeminent children's theatre company. Located in Sydney within the ARA Darling Quarter theatre. The Monkey Baa Theatre brings school age children to the theatre and they become immersed in the development of a theatre production. The Monkey Baa Theatre also tours around Australia. ARA has been the Principal Partner of the Monkey Baa Theatre for the past three years.

The Story Factory is a not-for-profit creative writing centre for young people in under-resourced communities across Sydney and New South Wales. The goal of the Story Factory is to build writing skills, confidence and creativity. Founded more than ten years ago by Dr Catherine Keenan, the Story Factory has taken more than 30,000 student enrolments. Today, the Story Factory works with as many as 1,000 students a week. The impact on the students participating in the Story Factory program is considerable in terms of increased confidence, improved literacy and enjoyment of writing. ARA is a Key Partner.

### Conservation

ARA's longest partner in the community is the Taronga Zoo. ARA began supporting the Zoo thirteen years ago. Our annual contribution has grown consistently during the period of our support. We have just committed to being a Crown Sponsor, the second highest category of support, for the next three years.

During the bush fires of 2019-2020 ARA donated an additional \$50,000 to help save the koalas affected by the fires.

*Please see over the page for more information on our long standing partnership with Taronga Zoo.*



#### Photograph

Top: The Sydney Writer's Festival in 2022

Bottom left: The ARA Historical Novel Prize Winner in 2021 - Adult category

Bottom right: The ARA Historical Novel Prize Winner in 2021 - Children and Young Adult category

## ARA's Partnership with Taronga Zoo



### A message from Taronga Zoo's Executive Director, Simon Duffy

"Taronga Conservation Society Australia is grateful to ARA Group for their ongoing support. ARA Group's support allows Taronga to conduct vital conservation work in Australia and abroad, including the Plains-wanderer breed-to-release program. We've seen great successes in this program, which wouldn't be possible without the support of our incredibly important partners like the ARA Group. We thank ARA Group for their continued support of Taronga, which now extends to more than a decade, and allows us to achieve our vision to secure a shared future for wildlife and people. It is through partnerships like this that we can all make a better future for the planet."

ARA Group is proud to support Taronga Conservation Society Australia (Taronga). Taronga is a not for profit conservation organisation with over 100 years of history. Taronga believes that everyone has a responsibility to protect the world's precious wildlife, not just in our lifetime, but for many generations to come. ARA Group is proud to have partnered with Taronga for more than thirteen years. ARA Group's ongoing support allows Taronga to continue their vital conservation work and wildlife support, especially in times of crisis.

Over the last few years, Taronga has received and treated an unprecedented number of animals impacted by bushfires, drought, heatwaves and severe storms. Throughout the 2019-20 bushfires, Taronga led emergency interventions to save koalas, wallabies, platypus and critically endangered fish and amphibians from the path of fires and drying river systems. Taronga's immediate responses ranged from providing expert medical care at their two Wildlife Hospitals in Sydney and Dubbo and emergency wildlife triage centres in Victoria, to providing emergency shelter for wildlife, advising government agencies and creating awareness through speaking at the United Nations summit on the role of conservation zoos in the long-term recovery of native species. The 2019-20 bushfires saw more than 5.3 million hectares burn in NSW alone and a loss of over 1 billion native Australian animals. Taronga's long-term approach involves rebuilding populations (breed-to-release) and restoring and protecting habitat. ARA donated \$50,000 in excess of our annual contribution to support Taronga's efforts to save impacted animals.

ARA Group is especially proud to support Taronga's Plains-wanderer breed-to-release program. Once found on the semi-arid plains extending from Victoria to central Queensland, the Plains-wanderer

has suffered significant (90%) decline in population over the past 20 years. Threats of over-grazing and fragmentation of their natural habitat are exacerbated by extreme periods of drought and flood. These forces combined have heightened devastating impacts on the birds when there is less habitat available. This tiny, elusive, genetically unique bird is the highest priority bird species globally for conservation on the EDG (Evolutionary Distinct Globally Endangered) list of animals the planet can least afford to lose due to its incredibly distinct and unique genetics.

With an estimated wild population of less than 1,000 birds, the National Recovery Plan is crucial. Taronga's role in the National Recovery Plan is to create a healthy, behaviourally sound, zoo-based breeding population of Plains-wanderer capable of producing at least 30 birds per year fit for release in rehabilitating habitats. Taronga is now working towards ensuring maximum viability of birds post-release and in turn, maximum survival of individual, and the species. Success relies on establishing a greater understanding of Plains-wanderer behaviour for effective management of the zoo-based population and development of release strategies to secure a stable wild population.

In March 2022, representatives from Taronga, Department of Planning and Environment Saving Our Species team and James Griffin MP, released ten Plains-wanderers back into their wild habitat of the Hay Plains in Southern NSW. This first NSW release marked a huge milestone in the Plains-wanderer National Recovery Plan. The ten birds were hatched across Taronga's two zoos and a partner zoo. Taronga's teams across both sites have successfully hatched over 45 chicks in this time – an incredible feat considering the niche environmental requirements the birds require.



Photograph  
Top: Plains-wanderer  
Bottom: Release of 10 Plains-wanderers  
Hay Plains NSW  
Photos by Harrison Vincent.



# Section 03 ARA Initiatives

- 25 The Transformation of ARA Fire
- 27 The Expansion of ARA Locksmiths and ARA Hardware
- 29 The Continued Growth of ARA Manufacture

Photograph  
Cargo ship in dock ready  
for inspection & service of  
critical safety equipment



**Photograph**  
 Top: Shipping inspection and service of lifeboat  
 Bottom: Service of vehicle suppression system  
 in mining vehicle

## Addition of Specialty Service Businesses

# The Transformation of ARA Fire

ARA Fire, now a part of the newly formed Fire and Security Division, is principally a service business. ARA Fire is a national business with branches around Australia. ARA Fire's service customers are major commercial and industrial property owners and operators. ARA Fire is very transparent in the work performed as its service system has a web-based portal for our customers to see that we have done our inspection and testing as required and we have responded to work orders given to us.

Despite the great customers we have and the transparency we provide, this service part of the fire protection industry is very competitive. As a result of this challenging competitive environment, we have focused on acquiring and growing specialty fire protection and life safety system service businesses.

**To this end, we have made the following acquisitions both in 2021 and 2022:**

**Shipping and Defence Life Safety System Service**



National



Gladstone, QLD



National

These businesses provide inspections and testing, certification and repairs of life safety systems including fire protection equipment, lifeboats and davits, breathing apparatus and other critical

engineering systems to the offshore, marine and defence sectors. There is also a strong emphasis on the similar servicing of commercial container vessels.

**Vehicle Suppression Systems**



Western Australia



Queensland

The ARA Fire vehicle suppression business installs and services fire protection systems on any type of vehicle. The majority of the systems are installed and serviced on mobile equipment, particularly

on vehicles used in mines and heavy construction equipment. These systems detect and suppresses potentially devastating fires on the vehicles where they are installed.

**The acquisitions of these businesses have spread the geographical reach of ARA Fire to additional locations in various ports around Australia:**

- Henderson, WA • Karratha, WA • Darwin, NT • Cairns, QLD • Gladstone, QLD • Rockhampton, QLD

This geographical spread is giving ARA Fire the opportunity to expand its traditional service business to regional Australia.

This focus on the specialty fire protection and life safety system businesses coupled with an aversion to compete in the new commercial construction industry and a continued strong performance and focus on the traditional fire protection service business has improved the overall performance of the ARA Group.

Throughout the past four years ARA Fire has also had significant infrastructure installation contracts for sprinkler systems and other fire protection systems. The performance of these works has been excellent as the teams executing these infrastructure works have been highly experienced and have operated as a separate business unit apart from the service businesses. In light of the continued infrastructure works planned for the future around Australia, ARA Fire will continue to compete in this highly specialised business. The successful completion of these contracts leads to service opportunities in the future.

## The Expansion of ARA Locksmiths and ARA Hardware

During the past financial year, ARA made a strategic decision to expand its locksmith service capabilities and its distribution of architectural hardware. These services intersect with each other in various ways as well as with existing ARA businesses, specifically ARA Manufacture and ARA Security. The growth in the investment of locksmith service businesses and architectural hardware distribution is a great example of how we focus on a business sector and the corresponding service in making decisions on acquisition investments.

This journey began in financial year 2016 when ARA acquired an Adelaide, South Australia combined architectural hardware distribution business and locksmith service business. For the past several years the benefit of this business being a part of ARA became apparent. The hardware distribution business worked in tandem with the ARA Manufacture business and the locksmith service business supported the ARA Security business.

In financial year 2018, ARA Security acquired the HUD Security business. HUD Security was a manufacturer and installer of secure storage products for banking and finance, retail and pharmaceutical storage organisations. The installation and subsequent service of the HUD products utilised locksmiths extensively. Also, ARA Security often sub-contracted work to locksmiths as part of the electronic security service contracts.

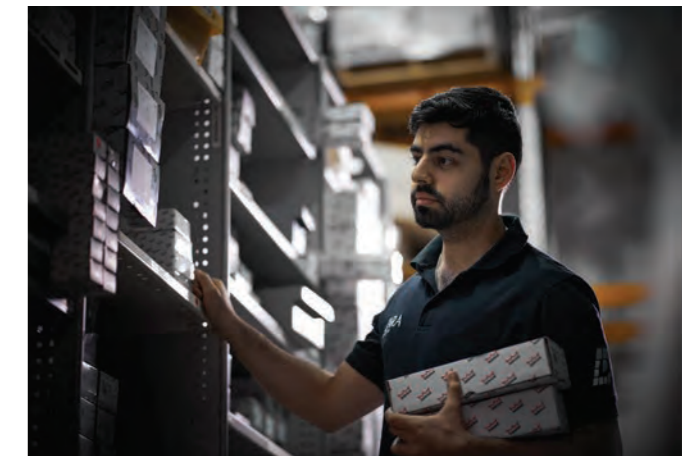
As the ARA Group is a growth company, we look for synergistic opportunities in acquisition investments that will grow the Group but more importantly, have strategic relevance. The experience from the two examples highlighted above, clearly indicated that investments in locksmith service businesses would facilitate self-delivery of many ARA Security contracts rather than rely solely upon the use of sub-

contractors. During this financial year, ARA Security secured several large locksmith service contracts throughout Australia. At this point, it was clear that ARA Security needed to be a national locksmith service business. This is a great example of winning the work and then making the investment. In addition to hiring locksmiths to help deliver the contracts won, ARA Security purchased locksmith service businesses in Brisbane, Sydney and Melbourne. ARA Security is now a national locksmith service business in Australia.

Since the acquisition of the architectural hardware business in 2016, the business has grown in tandem with the growth of the ARA Manufacture business. Sales and profits have grown significantly. Due to this favourable experience, ARA Group purchased one of the largest architectural hardware distributors in New Zealand, Sopersmac, during the 2022 financial year. Shortly thereafter, a regional architectural hardware distributor in Wellington, New Zealand, Henry & Kemp, was purchased. These businesses also provide locksmith services and door installation services. All of the products and services from these recent acquisitions fit nicely with the existing ARA New Zealand businesses being Manufacture and Security.

The integration of the recent New Zealand acquisitions has been seamless. The acquired businesses have performed exceptionally well and the collaboration with the ARA Security business in New Zealand has resulted in increased contract opportunities and increased self-delivery.

The growth and development of ARA Hardware and ARA Locksmiths during the past six years has been methodical, well considered and strategically sound.



**Photograph**  
Above: ARA Locksmiths servicing of facilities hardware  
Right: ARA Hardware store, Adelaide SA

## The Continued Growth of ARA Manufacture

The ARA 2021 Annual Report discussed the strategic decision made during our 21 year journey to consistently invest in manufacturing businesses in Australia and New Zealand. ARA continued to invest in manufacturing businesses in financial year 2022. Two additional manufacturing businesses were acquired during financial year 2022. In conjunction with the acquisitions in 2022, the Products Division and all manufacturing increased organically during this past financial year. There appears to be a strong interest throughout Australia and New Zealand to buy locally manufactured products. ARA Manufacture is particularly well suited to supply their products locally as the majority of the products manufactured fulfill bespoke requirements and are not easily mass-produced.

Australian Commercial Doors (ACD), one of the largest commercial and industrial fire door and specialty door manufacturers in Melbourne was acquired early in the financial year. It is a business more than thirty years old and it is a manufacturer of high quality commercial doors. In addition to a full range of timber fire doors, ACD manufactures metal clad doors, acoustic doors, flush panel doors, specialty hospital doors and fire rated windows.

ACD complements the manufacture of commercial timber fire doors and the extensive range of metal doors in Adelaide, South Australia and in Auckland, New Zealand.

### ARA Manufacture currently manufactures a very extensive range of products in Australia and New Zealand:

- Aluminium grilles and shutters
- Steel roller shutters
- Aluminium and steel counterweight balanced doors
- Side trackable doors for retail
- Frameless glass doors
- Wide range of steel panel hinged doors
- Bi-fold overhead door
- Stainless steel dual entry systems for bio-containment requirements
- Steel doors for locomotives
- Steel door frames

- Extensive range of physical security systems including doors, windows, counters, pass-throughs with various ballistic resistance characteristics
- Aluminium shelters for bikes and buses and trains
- Bollards
- Gates
- Commercial bicycle racks
- Secure storage products
- Prison systems

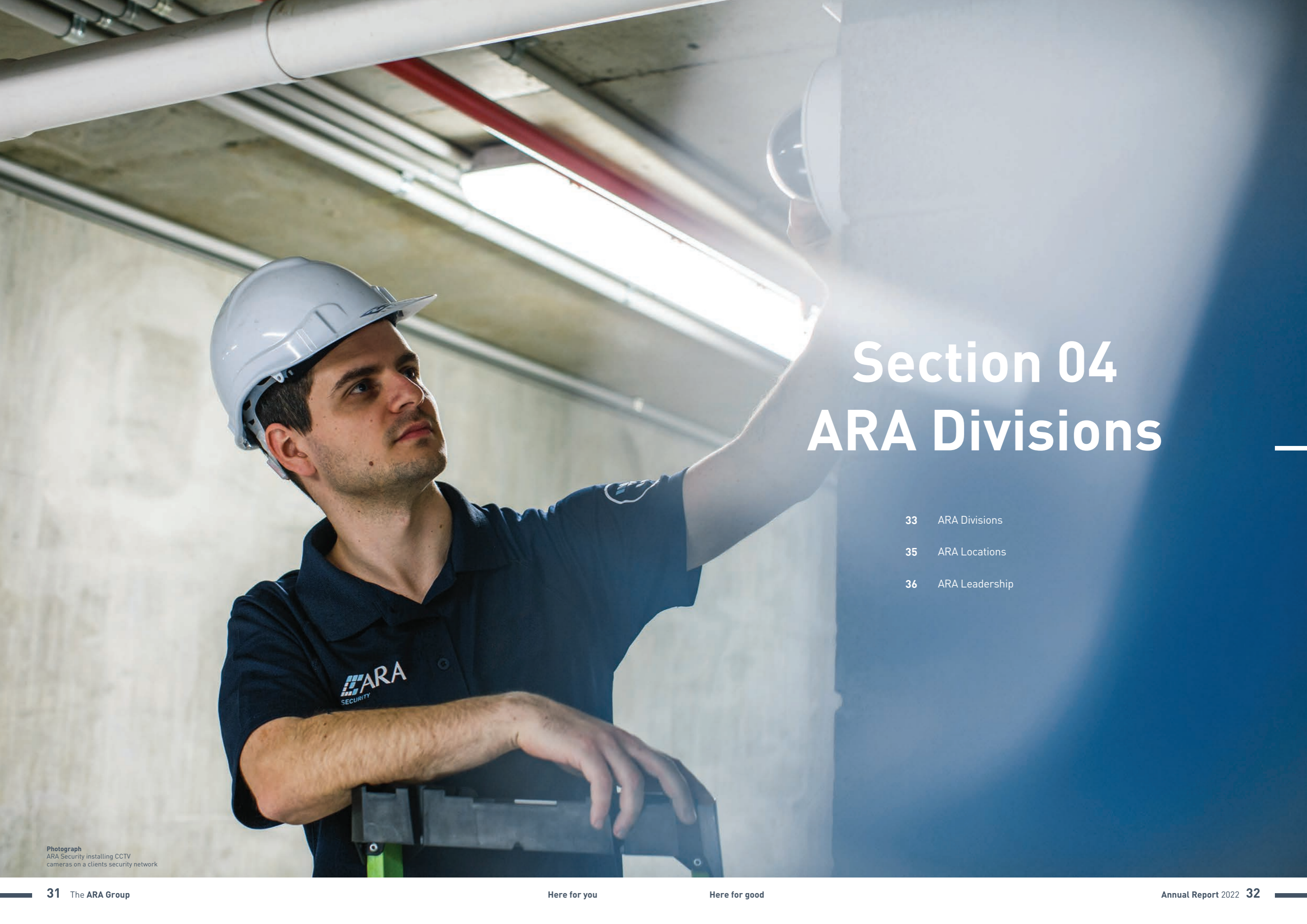
To further complement the existing product ranges noted above, ARA acquired BM Doors in May 2022. BM Doors designs and manufactures an extensive range of high security door systems, both fire rated and non-fire rated and high security door hardware. BM Doors has a wide range of patents and intellectual property to support their designs and the manufactured products.

Taken in its entirety, ARA Manufacture is a major manufacturer of specialty building products, security products and fire rated products for the Australian and New Zealand markets. Supported by its engineering staff and product designers, ARA Manufacture provides continuous innovation for its customers. The continuous investment in manufacturing supports the theme of being Here for You. Here for Good.



**Photograph**  
Above: Manufacturing of Renlita Doors, Regency Park SA  
Right: Manufacturing of various doors in Canberra ACT and Bayswater VIC





# Section 04 ARA Divisions

- 33 ARA Divisions
- 35 ARA Locations
- 36 ARA Leadership

Photograph  
ARA Security installing CCTV  
cameras on a clients security network



2022  
Revenue

# \$721 Million

Comprised of

56%  
Service

15%  
Construction

21%  
Product

8%  
Infrastructure

By Division



\$256 Million

Integration of and solutions for electronic security and fire protection



**Security Solutions**

- Access Control
- CCTV
- ATM Security and Guarding
- Electronic Security Solutions
- Safes, Vaults and Teller Units
- Locksmith Services
- Fire Protection**
- Inspection and Testing
- Sprinkler Systems
- Detection and EWIS Systems
- Passive and Fire Doors
- Portable Systems
- Special Hazards
- Oxygen Reduction
- Fire Suppression Systems
- Shipping and Defence Life Safety System Service



\$69 Million

Energy management for commercial buildings



HVAC Design

- Mechanical Ventilation
- Air Conditioning
- Chiller Plants
- Building Automation
- Energy Management
- Metering



\$127 Million

Commercial cleaning and building services



**Cleaning Services**

- Commercial Cleaning
- Healthcare Cleaning
- Food Processing Cleaning
- Grounds Maintenance
- Waste Management and Recycling
- Building Services**
- Remedial Building Repairs
- Insurance Building Repairs
- 24/7 Emergency Service
- Exterior and Interior Design
- Fit Outs of Interior Spaces
- Refurbishments
- Multi Trade Services
- Thermal Imaging
- Maintenance



\$134 Million

Electrical, high voltage, data and engineering



High Voltage Services

- Low Voltage Services
- Engineering Solutions
- Installation Services
- Switchboards
- Mobile Switch Rooms
- Data Centres
- Structured Cabling



\$135 Million

Manufacturing and distribution



**Manufacturing of**

- Commercial Doors
- Industrial Doors
- High Security Doors
- Physical Security Systems
- Ballistic Glass
- Bollards, Gates and Commercial Bicycle Racks
- Joinery and Lockers
- Distribution of**
- Access Control
- CCTV
- Photo ID Systems
- Identity Security
- Architectural Hardware



Revenue is included in the ARA Property Services total.

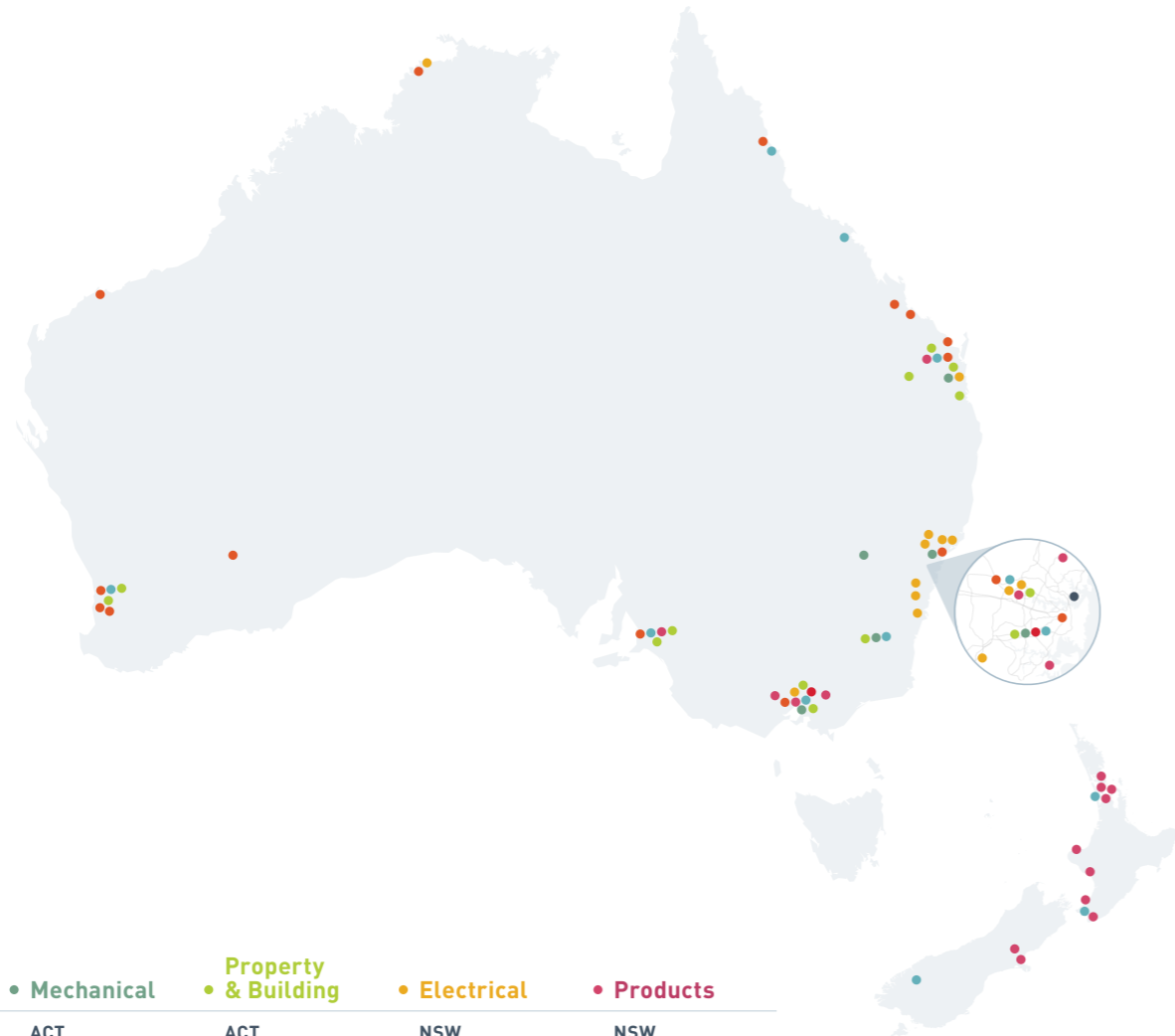
Commercial cleaning services



Operates as a commercial cleaning business and is a conduit for all ARA capabilities.

Photograph  
ARA Manufacture  
manufacturing of doors  
in Bayswater VIC

## Australia and New Zealand ARA Locations



- **Fire & Security**
  - **Mechanical**
  - **Property & Building**
  - **Electrical**
  - **Products**
  - **Corporate Services**
  - **Indigenous Services**
- |   |   |   |  |  |                                  |   |
|---|---|---|--|--|----------------------------------|---|
| <p><b>ACT</b><br/>Fyshwick</p> <p><b>NSW</b><br/>Bella Vista<br/>Kingsgrove<br/>Kings Park<br/>Stanmore<br/>Tuggerah</p> <p><b>NT</b><br/>Darwin</p> <p><b>NZ</b><br/>Avondale<br/>Lower Hutt<br/>Queenstown</p> <p><b>QLD</b><br/>Bungalow<br/>Gladstone<br/>Loganholme<br/>Mackay<br/>Portsmith<br/>Rockhampton<br/>Svensson Heights</p> <p><b>SA</b><br/>Regency Park</p> <p><b>VIC</b><br/>Derrimut<br/>South Melbourne</p> <p><b>WA</b><br/>Balcatta<br/>Forrestdale<br/>Henderson<br/>Kalgoorlie<br/>Karratha</p> | <p><b>ACT</b><br/>Fyshwick</p> <p><b>NSW</b><br/>Kingsgrove<br/>Orange<br/>West Gosford</p> <p><b>QLD</b><br/>Tingalpa</p> <p><b>VIC</b><br/>Cheltenham</p> | <p><b>ACT</b><br/>Fyshwick</p> <p><b>NSW</b><br/>Kingsgrove<br/>North Parramatta</p> <p><b>QLD</b><br/>Chinchilla<br/>Maroochydore<br/>Milton<br/>Slacks Creek</p> <p><b>SA</b><br/>Eastwood<br/>Regency Park</p> <p><b>VIC</b><br/>Dandenong<br/>Hawthorn</p> <p><b>WA</b><br/>Balcatta<br/>Burswood</p> | <p><b>NSW</b><br/>Baulkham Hills<br/>Heatherbrae<br/>Ingleburn<br/>Minto<br/>Mt Thorley<br/>Nowra<br/>Seven Hills<br/>Singleton<br/>Tomago<br/>Unanderra</p> <p><b>NT</b><br/>Woolner</p> <p><b>QLD</b><br/>Tingalpa</p> <p><b>VIC</b><br/>Tullamarine</p> | <p><b>NSW</b><br/>Belrose<br/>Caringbah<br/>Rydalmere</p> <p><b>NZ</b><br/>Auckland<br/>Christchurch<br/>Lower Hutt<br/>Manawatu-Wanganui<br/>New Plymouth<br/>Wellington</p> <p><b>QLD</b><br/>Loganholme</p> <p><b>SA</b><br/>Regency Park</p> <p><b>VIC</b><br/>Bayswater<br/>Derrimut<br/>Port Melbourne</p> | <p><b>NSW</b><br/>Crows Nest</p> | <p><b>NSW</b><br/>Kingsgrove</p> <p><b>VIC</b><br/>Hawthorn</p> |
|---|---|---|--|--|----------------------------------|---|

## Senior Management ARA Leadership Team

A competitive advantage and a key to the success of ARA is the longevity and continuity of the ARA Leadership Team. There are ten team members of the Senior Management Team. Three team members have worked together at ARA for the entire 21 years (Edward Federman, Co-Founder and CEO, Tony Franov, Managing Director Fire and Security and Mark Pamula, Managing Director Manufacture). Five team members have been together at ARA for a range of 12 to 18 years. The final two team members have been a part of ARA since the acquisition of the cleaning business five years ago. Importantly, Paul McCann has been with his cleaning business that he sold to ARA for almost 30 years.

We believe it is unusual to see this level of continuity in senior management roles in today's commercial world. The ARA philosophy is to decentralise the responsibility to the Senior Management Team for the business they manage as if it is their own business. The effect of this allocation of responsibility and the reward associated with the successful management of each business unit, results in the continuity that is observed at ARA.

Each member of the Senior Management Team is a shareholder of ARA. This is critical to the success of the ARA Group as the entire team has the same ultimate goal, to work toward the best operating result for the Group and maximise the return for the shareholders, of which we are all one.



**Edward Federman**  
Co-founder, Chief Executive Officer  
**ARA Group**  
Executive Chair, Director ARA Group  
21 years with ARA



**Allison McCann**  
Chief Financial Officer  
**ARA Group**  
Director ARA Group  
12 years with ARA



**Tony Franov**  
Managing Director  
**ARA Fire & Security**  
Director ARA Group  
21 years with ARA



**Mark Pamula**  
Managing Director  
**ARA Manufacture**  
21 years with ARA



**Tony Murr**  
Managing Director  
**ARA Building Services**  
18 years with ARA



**Phil Harding**  
Managing Director  
**ARA Mechanical**  
16 years with ARA



**Stuart Harmer**  
Managing Director  
**ARA Products**  
13 years with ARA



**Jason Moore**  
Managing Director  
**ARA Electrical**  
12 years with ARA



**Paul McCann**  
Managing Director  
**ARA Property Services**  
5 years with ARA - 28 years with CMC



**Michael O'Loughlin**  
Managing Director  
**ARA Indigenous Services**  
5 years with ARA



# Section 05 Audited Financial Statements

39 Audited Financial Statements

93 ARA Directory

## Directors' report

Our financial statements are prepared on a going concern basis. The directors have a duty to ensure that the financial statements are prepared on a going concern basis unless they are satisfied that liquidation or a similar event is inevitable.

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### Directors

The directors of the Group are listed below. The directors have a duty to ensure that the financial statements are prepared on a going concern basis unless they are satisfied that liquidation or a similar event is inevitable.

#### Edward Federman (Executive Director and Executive Chair)

Edward Federman is the Executive Director and Executive Chair of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

#### Leo Browne (Non-Executive Director)

Leo Browne is a Non-Executive Director of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

#### James Marshall (Non-Executive Director)

James Marshall is a Non-Executive Director of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

#### Brett Chambers (Non-Executive Director)

Brett Chambers is a Non-Executive Director of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

#### Norbert Schweizer OAM (Non-Executive Director)

Norbert Schweizer OAM is a Non-Executive Director of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

#### Allison McCann (Executive Director and Company Secretary)

Allison McCann is the Executive Director and Company Secretary of the Group. She has been a director of the Group since 2018. She is also a director of the parent company, ARA Group Limited.

#### Tony Franov (Executive Director)

Tony Franov is the Executive Director of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

### Other officers

#### David Sefton (Company Secretary)

David Sefton is the Company Secretary of the Group. He has been a director of the Group since 2018. He is also a director of the parent company, ARA Group Limited.

## Directors' report (continued)

### Directors' meetings

The directors of the Group have held 12 meetings during the year. The directors have a duty to ensure that the financial statements are prepared on a going concern basis unless they are satisfied that liquidation or a similar event is inevitable.

| Directors             | Number of Board meetings held | Number of Board meetings attended | Number of compensation committee meetings held | Number of compensation committee meetings attended |
|-----------------------|-------------------------------|-----------------------------------|--|--|
| Edward Federman       | 12                            | 12                                | 12   | 12   |
| Leo Browne            | 12                            | 12                                | 12   | 12   |
| James Marshall        | 12                            | 12                                | 12   | 12   |
| Brett Chambers        | 12                            | 12                                | 12   | 12   |
| Norbert Schweizer OAM | 12                            | 12                                | 12   | 12   |
| Allison McCann        | 12                            | 12                                | 12   | 12   |
| Tony Franov           | 12                            | 12                                | 12   | 12   |

### Results of operations

The Group's operating profit for the year ended 31 December 2022 was \$26,530,388 (2021: \$25,604,366). This represents an increase of 4% compared to the previous year.

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### Review of operations

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# Directors' report (continued)

## Review of operations (continued)

### Earnings before interest, tax, depreciation, amortisation (EBITDA) and profit sharing expense summary

|  | 2022<br>(Prior to<br>adjusting<br>for AASB<br>16)<br>\$ | 2021<br>(Prior to<br>adjusting<br>for AASB<br>16)<br>\$ | Impact of<br>adoption of<br>AASB 16 in<br>2022<br>\$ | Impact of<br>adoption of<br>AASB 16 in<br>2021<br>\$ | 2022<br>Statutory<br>result<br>\$ | 2021<br>Statutory<br>result<br>\$ |
|--|---|---|--|--|-----------------------------------|-----------------------------------|
| <b>EBITDA</b>                                  | <b>50,492,544</b>                                       | <b>46,331,955</b>                                       | <b>14,908,185</b>                                    | <b>12,505,467</b>                                    | <b>65,400,729</b>                 | <b>58,837,422</b>                 |
| <b>EBIT (Earnings before interest and tax)</b> | <b>41,512,319</b>                                       | <b>39,850,382</b>                                       | <b>1,929,308</b>                                     | <b>(218,733)</b>                                     | <b>43,441,627</b>                 | <b>39,631,649</b>                 |
| <b>Profit before income tax</b>                | <b>38,057,630</b>                                       | <b>36,827,348</b>                                       | <b>334,627</b>                                       | <b>(2,052,104)</b>                                   | <b>38,392,257</b>                 | <b>34,775,244</b>                 |
| <b>Profit after income tax</b>                 | <b>26,530,388</b>                                       | <b>25,604,366</b>                                       | <b>234,240</b>                                       | <b>(1,436,473)</b>                                   | <b>26,764,628</b>                 | <b>24,167,893</b>                 |

The Group's operations are primarily focused on providing financial services to its customers. The Group's revenue is derived from interest on loans and deposits, fees and commissions, and other financial services. The Group's expenses include interest expense, depreciation, amortisation, and other operating expenses. The Group's profit is primarily derived from its core financial services operations.

The Group's earnings before interest, tax, depreciation, and amortisation (EBITDA) for 2022 was \$50,492,544, compared to \$46,331,955 for 2021. The increase in EBITDA is primarily due to an increase in interest income and fees and commissions.

The Group's earnings before interest and tax (EBIT) for 2022 was \$41,512,319, compared to \$39,850,382 for 2021. The increase in EBIT is primarily due to an increase in interest income and fees and commissions.

The Group's profit before income tax for 2022 was \$38,057,630, compared to \$36,827,348 for 2021. The increase in profit before income tax is primarily due to an increase in interest income and fees and commissions.

### Principal activities

The Group's principal activities are providing financial services to its customers. The Group's revenue is derived from interest on loans and deposits, fees and commissions, and other financial services. The Group's expenses include interest expense, depreciation, amortisation, and other operating expenses. The Group's profit is primarily derived from its core financial services operations.

# Directors' report (continued)

## Significant changes in the state of affairs

The Group's operations are primarily focused on providing financial services to its customers. The Group's revenue is derived from interest on loans and deposits, fees and commissions, and other financial services. The Group's expenses include interest expense, depreciation, amortisation, and other operating expenses. The Group's profit is primarily derived from its core financial services operations.

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## Significant events after the reporting period

The Group's operations are primarily focused on providing financial services to its customers. The Group's revenue is derived from interest on loans and deposits, fees and commissions, and other financial services. The Group's expenses include interest expense, depreciation, amortisation, and other operating expenses. The Group's profit is primarily derived from its core financial services operations.

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## Future developments

The Group's operations are primarily focused on providing financial services to its customers. The Group's revenue is derived from interest on loans and deposits, fees and commissions, and other financial services. The Group's expenses include interest expense, depreciation, amortisation, and other operating expenses. The Group's profit is primarily derived from its core financial services operations.

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## Directors' report (continued)

### Environmental regulations

The entity's operations are subject to various environmental regulations and standards. The entity has implemented a robust environmental management system to ensure compliance with all applicable laws and regulations. The entity's environmental performance is regularly monitored and reported to stakeholders.

### Dividends

The entity has declared a final dividend of \$0.395 per share (2021: \$0.475) and a final dividend of \$0.10 per share (2021: \$0.42) for the financial year ended 30 June 2022. The total dividend payable is \$18,616,956, or \$0.42 per share. The entity also declared a final dividend of \$0.425 per share (2021: \$0.425) for the financial year ended 30 June 2021, with a total dividend payable of \$17,642,114.

The entity has also declared a final dividend of \$0.125 per share (2021: \$0.125) for the financial year ended 30 June 2022, with a total dividend payable of \$5,581,893. The entity also declared a final dividend of \$0.125 per share (2021: \$0.125) for the financial year ended 30 June 2021, with a total dividend payable of \$1,548,907.

### Share options

The entity has issued share options to various employees and directors. The share options are subject to various vesting conditions and are exercisable at the discretion of the Board of Directors.

### Indemnification and insurance of directors and officers

The entity has provided indemnification and insurance for its directors and officers. The total amount of indemnification and insurance provided is \$51,360 (2021: \$36,000).

### Indemnification of auditor

The entity has provided indemnification and insurance for its auditors. The total amount of indemnification and insurance provided is \$51,360 (2021: \$36,000).

### Proceedings on behalf of the Group

The entity has not been involved in any proceedings on behalf of the Group during the financial year.

### Auditor independence declaration

The entity has provided an auditor independence declaration to the directors of ARA Group Limited. The declaration is in respect of ARA Group Limited and the entities it controlled during the financial year.

Edward Tedman  
Chairman  
ARA Group Limited  
10 August 2022

### Auditor's independence declaration to the directors of ARA Group Limited

As lead auditor for the audit of the financial report of ARA Group Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ARA Group Limited and the entities it controlled during the financial year.

Ernst & Young

Chris Lawton  
Partner  
10 August 2022

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

|   | Notes | 2022<br>\$        | 2021<br>\$        |
|---|-------|-------------------|-------------------|
| Revenue   | 1     | 1,000,000,000     | 950,000,000       |
| Cost of sales   | 1     | (800,000,000)     | (750,000,000)     |
| Profit  |       | 200,000,000       | 200,000,000       |
| Other comprehensive income  |       |                   |                   |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:                      |       |                   |                   |
| Net other unrealised comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods |       | (254,168)         | 261,626           |
| Other comprehensive (loss)/income for the year  |       | (254,168)         | 261,626           |
| <b>Total comprehensive income for the year</b>  |       | <b>26,510,460</b> | <b>24,429,519</b> |

The accompanying notes form part of these financial statements.

## Consolidated statement of financial position

As at 30 June 2022

|   | Notes | 2022<br>\$         | 2021<br>\$         |
|---|-------|--------------------|--------------------|
| <b>Assets</b>                                       |       |                    |                    |
| <b>Current assets</b>                               |       |                    |                    |
| Cash and bank balances                              | 1     | 100,000,000        | 100,000,000        |
| Trade receivables                                   | 2     | 200,000,000        | 200,000,000        |
| Trade payables                                      | 3     | (100,000,000)      | (100,000,000)      |
| Other receivables                                   | 4     | 50,000,000         | 50,000,000         |
| Other current assets                                | 5     | 50,000,000         | 50,000,000         |
| <b>Total current assets</b>                         |       | <b>300,000,000</b> | <b>300,000,000</b> |
| <b>Non-current assets</b>                           |       |                    |                    |
| Property, plant and equipment                       | 6     | 100,000,000        | 100,000,000        |
| Intangible assets                                   | 7     | 50,000,000         | 50,000,000         |
| Other non-current assets                            | 8     | 50,000,000         | 50,000,000         |
| <b>Total non-current assets</b>                     |       | <b>200,000,000</b> | <b>200,000,000</b> |
| <b>Total assets</b>                                 |       | <b>521,570,803</b> | <b>403,672,905</b> |
| <b>Liabilities</b>                                  |       |                    |                    |
| <b>Current liabilities</b>                          |       |                    |                    |
| Trade payables                                      | 3     | 100,000,000        | 100,000,000        |
| Trade receivables                                   | 2     | 200,000,000        | 200,000,000        |
| Other current liabilities                           | 9     | 50,000,000         | 50,000,000         |
| <b>Total current liabilities</b>                    |       | <b>350,000,000</b> | <b>350,000,000</b> |
| <b>Non-current liabilities</b>                      |       |                    |                    |
| Other non-current liabilities                       | 10    | 50,000,000         | 50,000,000         |
| <b>Total non-current liabilities</b>                |       | <b>50,000,000</b>  | <b>50,000,000</b>  |
| <b>Total liabilities</b>                            |       | <b>360,619,596</b> | <b>263,815,501</b> |
| <b>Net assets</b>                                   |       | <b>160,951,207</b> | <b>139,857,404</b> |
| <b>Equity</b>                                       |       |                    |                    |
| Equity attributable to equity holders of the Parent |       | 160,136,429        | 139,233,169        |
| Other equity  |       | 814,778            | 624,235            |
| <b>Total equity</b>                                 |       | <b>160,951,207</b> | <b>139,857,404</b> |

The accompanying notes form part of these financial statements.



## Consolidated statement of changes in equity

For the year ended 30 June 2022

|  | Contributed equity<br>(Note 20.1) | Retained earnings<br>(Note 8) | Other reserves<br>(Note 20.2) | Non-controlling interests | Total equity       |
|--|-----------------------------------|-------------------------------|-------------------------------|---------------------------|--------------------|
|  | \$                                | \$                            | \$                            | \$                        | \$                 |
| <b>At 1 July 2020</b>  | <b>93,313,832</b>                 | <b>35,792,024</b>             | <b>(3,306,284)</b>            | <b>748,734</b>            | <b>126,548,306</b> |
| Profit for the year  | -                                 | 3,592,024                     | -                             | -                         | 3,592,024          |
| Dividends paid   | -                                 | (1,000,000)                   | -                             | -                         | (1,000,000)        |
| Transfer from retained earnings to other reserves            | -                                 | (3,000,000)                   | 3,000,000                     | -                         | -                  |
| Transfer from retained earnings to non-controlling interests | -                                 | (1,000,000)                   | -                             | 1,000,000                 | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| <b>At 30 June 2021</b>                                       | <b>100,555,584</b>                | <b>41,722,243</b>             | <b>(3,044,658)</b>            | <b>624,235</b>            | <b>139,857,404</b> |
| <b>At 1 July 2021</b>  | <b>100,555,584</b>                | <b>41,722,243</b>             | <b>(3,044,658)</b>            | <b>624,235</b>            | <b>139,857,404</b> |
| Profit for the year  | -                                 | 3,592,024                     | -                             | -                         | 3,592,024          |
| Dividends paid   | -                                 | (1,000,000)                   | -                             | -                         | (1,000,000)        |
| Transfer from retained earnings to other reserves            | -                                 | (3,000,000)                   | 3,000,000                     | -                         | -                  |
| Transfer from retained earnings to non-controlling interests | -                                 | (1,000,000)                   | -                             | 1,000,000                 | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| Transfer from retained earnings to contributed equity        | 1,000,000                         | (1,000,000)                   | -                             | -                         | -                  |
| <b>At 30 June 2022</b>                                       | <b>114,545,826</b>                | <b>48,889,429</b>             | <b>(3,298,826)</b>            | <b>814,778</b>            | <b>160,951,207</b> |

The accompanying notes form part of these financial statements.

## Consolidated statement of cash flows

For the year ended 30 June 2022

|  | Notes | 2022<br>\$          | 2021<br>\$          |
|--|-------|---------------------|---------------------|
| <b>Operating activities</b>                        |       |                     |                     |
| Profit for the year                                |       | 3,592,024           | 3,592,024           |
| Depreciation and amortisation                      |       | 1,000,000           | 1,000,000           |
| Financial income                                   |       | 1,000,000           | 1,000,000           |
| Financial expense                                  |       | (1,000,000)         | (1,000,000)         |
| Net cash flows from operating activities           |       | <b>47,676,756</b>   | <b>69,392,017</b>   |
| <b>Investing activities</b>                        |       |                     |                     |
| Acquisition of intangible assets                   |       | (1,000,000)         | (1,000,000)         |
| Acquisition of property, plant and equipment       |       | (1,000,000)         | (1,000,000)         |
| Net cash flows used in investing activities        |       | <b>(60,431,871)</b> | <b>(34,584,229)</b> |
| <b>Financing activities</b>                        |       |                     |                     |
| Dividends paid                                     |       | (1,000,000)         | (1,000,000)         |
| Proceeds from the issue of shares                  |       | 1,000,000           | 1,000,000           |
| Proceeds from the issue of debt                    |       | 30,741,971          | (33,502,279)        |
| Net cash flows from/(used in) financing activities |       | <b>30,741,971</b>   | <b>(33,502,279)</b> |
| Cash and cash equivalents at 30 June               |       | <b>47,213,443</b>   | <b>29,226,587</b>   |

The accompanying notes form part of these financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2022

## 1. Corporate information

The consolidated financial statements of ARA Group ("ARA Group") are prepared in accordance with the Australian Accounting Standards - Simplified Disclosures ("AASB") and the Corporations Act 2001.

The ARA Group is a group of entities controlled by the Parent Entity ("Parent Entity").

The Parent Entity is ARA Group Parent Limited, an unlisted public company incorporated in Australia.

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with the Australian Accounting Standards - Simplified Disclosures ("AASB") and the Corporations Act 2001.

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

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The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

### 2.2 Changes in accounting policies and disclosures

#### New and amended standards and interpretations

The ARA Group has adopted the new and amended standards and interpretations issued by the Australian Accounting Standards Board ("AASB") during the year.

#### Standards issued but not yet effective

The ARA Group has not adopted the new and amended standards and interpretations issued by the AASB during the year.

### 2.3 Basis of consolidation

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.3 Basis of consolidation (continued)

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

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### 2.4 Summary of significant accounting policies

#### a) Current versus non-current classification

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

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#### b) Taxes

##### Income tax

The consolidated financial statements are prepared on the basis of the directors' best estimate of the financial position and performance of the ARA Group.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### b) Taxes (continued)

##### Deferred tax

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax base. Deferred tax is measured at the tax rates that will apply to the temporary differences when they reverse, based on the expected manner of realisation or settlement of the underlying assets and liabilities, and on the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax base, except for: temporary differences relating to the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or loss); and temporary differences relating to investments in subsidiaries, associates and joint ventures, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax base, except for temporary differences relating to investments in subsidiaries, associates and joint ventures, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax base, except for temporary differences relating to investments in subsidiaries, associates and joint ventures, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax base, except for temporary differences relating to investments in subsidiaries, associates and joint ventures, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

#### c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the basis of the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs of sales.

#### d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, non-refundable taxes, and other directly attributable costs.

##### Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, non-refundable taxes, and other directly attributable costs.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### d) Property, plant and equipment (continued)

##### Depreciation

Property, plant and equipment are depreciated over their useful lives using the straight-line method. The useful lives are determined based on the expected usage of the assets.

| Class of fixed asset   | Depreciation rate |
|------------------------|-------------------|
| Buildings              | 10% - 20%         |
| Plant and equipment    | 7.5% - 40%        |
| Leasehold improvements | 7.5% - 20%        |
| Motor vehicles         | 33% - 40%         |
| Other                  | 22.5%             |

##### Derecognition and disposal

Assets are derecognised when they are disposed of or when they are classified as held for sale. The gain or loss on disposal is calculated as the difference between the net proceeds from the disposal and the carrying amount of the asset.

Assets are derecognised when they are disposed of or when they are classified as held for sale. The gain or loss on disposal is calculated as the difference between the net proceeds from the disposal and the carrying amount of the asset.

Assets are derecognised when they are disposed of or when they are classified as held for sale. The gain or loss on disposal is calculated as the difference between the net proceeds from the disposal and the carrying amount of the asset.

#### e) Leases

##### Group as a lessee

Leases are classified as finance leases when the lease term is for a major part of the economic life of the asset, or when the lease transfers ownership of the asset to the lessee at the end of the lease term.

##### (i) Right-of-use assets

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Cost includes the lease payments, less any lease incentives received, and other directly attributable costs.

|                     |            |
|---------------------|------------|
| Buildings           | 10% - 50%  |
| Plant and equipment | 7.5% - 40% |
| Other               | 10% - 30%  |

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Cost includes the lease payments, less any lease incentives received, and other directly attributable costs.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Cost includes the lease payments, less any lease incentives received, and other directly attributable costs.

# Notes to the consolidated financial statements (continued)

## For the year ended 30 June 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### e) Leases (continued)

###### (ii) Lease liabilities

本公司於租賃開始日期或修改日期(如適用)按租賃負債的現值計入負債。租賃負債按租賃期內租賃付款的現值計量。租賃付款包括固定付款(扣除任何應收的可變租賃付款)及任何實質固定付款。租賃期內租賃付款的現值按租賃開始日期或修改日期(如適用)的增量借款利率折現。本公司使用可變租賃付款率作為增量借款利率。本公司在租賃期內定期重新評估其增量借款利率。本公司在租賃期內定期重新評估其增量借款利率。本公司在租賃期內定期重新評估其增量借款利率。

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

本公司對短期租賃及低價值資產租賃採用簡化會計處理。短期租賃指租賃期不超過12個月且不含購買選擇權的租賃。低價值資產指租賃資產在開始日期前價值較低。本公司對短期租賃及低價值資產租賃採用簡化會計處理。短期租賃指租賃期不超過12個月且不含購買選擇權的租賃。低價值資產指租賃資產在開始日期前價值較低。

##### f) Impairment of non-financial assets

本公司定期評估非金融資產是否出現減值跡象。如有跡象，本公司估計資產的可收回金額。可收回金額為資產的公允價值減去處置費用後的淨額與資產的持續使用價值兩者中的較高者。本公司定期評估非金融資產是否出現減值跡象。如有跡象，本公司估計資產的可收回金額。可收回金額為資產的公允價值減去處置費用後的淨額與資產的持續使用價值兩者中的較高者。

本公司定期評估非金融資產是否出現減值跡象。如有跡象，本公司估計資產的可收回金額。可收回金額為資產的公允價值減去處置費用後的淨額與資產的持續使用價值兩者中的較高者。本公司定期評估非金融資產是否出現減值跡象。如有跡象，本公司估計資產的可收回金額。可收回金額為資產的公允價值減去處置費用後的淨額與資產的持續使用價值兩者中的較高者。

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# Notes to the consolidated financial statements (continued)

## For the year ended 30 June 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### f) Impairment of non-financial assets (continued)

本公司定期評估非金融資產是否出現減值跡象。如有跡象，本公司估計資產的可收回金額。可收回金額為資產的公允價值減去處置費用後的淨額與資產的持續使用價值兩者中的較高者。本公司定期評估非金融資產是否出現減值跡象。如有跡象，本公司估計資產的可收回金額。可收回金額為資產的公允價值減去處置費用後的淨額與資產的持續使用價值兩者中的較高者。

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##### g) Foreign currency transactions and balances

本公司對以外幣進行的交易及結算採用簡化會計處理。本公司對以外幣進行的交易及結算採用簡化會計處理。本公司對以外幣進行的交易及結算採用簡化會計處理。本公司對以外幣進行的交易及結算採用簡化會計處理。

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##### h) Borrowing costs

本公司對借入資金產生的利息費用採用簡化會計處理。本公司對借入資金產生的利息費用採用簡化會計處理。本公司對借入資金產生的利息費用採用簡化會計處理。本公司對借入資金產生的利息費用採用簡化會計處理。



# Notes to the consolidated financial statements (continued)

## For the year ended 30 June 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### n) Intangible assets (continued)

ARA Group's intangible assets are primarily acquired through business combinations and are classified as follows:

|                                 | Goodwill   | Development costs    | Customer contracts   | Intellectual property | Brand name |
|---------------------------------|------------|----------------------|----------------------|-----------------------|------------|
| <b>Useful lives</b>             | Indefinite | Finite               | Finite               | Finite                | Indefinite |
| <b>Amortisation method used</b> | None       | Cost of sales method | Cost of sales method | Cost of sales method  | None       |

##### Research and development costs

Research and development costs are recognised as an expense when incurred. Development costs are capitalised as an intangible asset when the following criteria are met: (i) the asset is identifiable; (ii) the asset is controlled by the entity; (iii) the asset is expected to generate future economic benefits; and (iv) the cost of the asset can be reliably measured. Development costs are amortised over their useful lives.

ARA Group's research and development costs are primarily incurred in connection with the development of new products and services. These costs are capitalised as an intangible asset when the criteria above are met.

##### o) Cash and cash equivalents

Cash and cash equivalents are recognised as an asset when the entity has a right to receive cash and the amount is available for use by the entity. Cash and cash equivalents are measured at fair value less impairment.

##### p) Revenue from contracts with customers

Revenue from contracts with customers is recognised when the customer obtains control of the goods or services. The amount of revenue recognised is the transaction price, which is the amount of cash or other consideration that the entity expects to receive in exchange for the goods or services. Revenue is recognised over the course of the contract, either at a point in time or over time, depending on the nature of the contract.

##### Sale of goods

Revenue from the sale of goods is recognised when the customer obtains control of the goods. This is typically when the goods are delivered to the customer and the customer has the ability to direct the use of the goods and obtain the benefits therefrom.

ARA Group's revenue from the sale of goods is primarily derived from the sale of construction services and infrastructure services.

ARA Group's revenue from the sale of goods is primarily derived from the sale of construction services and infrastructure services.

# Notes to the consolidated financial statements (continued)

## For the year ended 30 June 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### p) Revenue from contracts with customers (continued)

##### Sale of goods (continued)

ARA Group's revenue from the sale of goods is primarily derived from the sale of construction services and infrastructure services.

ARA Group's revenue from the sale of goods is primarily derived from the sale of construction services and infrastructure services.

##### Rendering of services

Revenue from the rendering of services is recognised when the customer obtains control of the services. This is typically when the services are performed and the customer has the ability to direct the use of the services and obtain the benefits therefrom.

ARA Group's revenue from the rendering of services is primarily derived from the rendering of construction services and infrastructure services.

ARA Group's revenue from the rendering of services is primarily derived from the rendering of construction services and infrastructure services.

ARA Group's revenue from the rendering of services is primarily derived from the rendering of construction services and infrastructure services.

##### Construction revenue

Construction revenue is recognised when the customer obtains control of the construction services. This is typically when the construction services are performed and the customer has the ability to direct the use of the construction services and obtain the benefits therefrom.

ARA Group's construction revenue is primarily derived from the rendering of construction services and infrastructure services.

ARA Group's construction revenue is primarily derived from the rendering of construction services and infrastructure services.

ARA Group's construction revenue is primarily derived from the rendering of construction services and infrastructure services.

##### Infrastructure revenue

Infrastructure revenue is recognised when the customer obtains control of the infrastructure services. This is typically when the infrastructure services are performed and the customer has the ability to direct the use of the infrastructure services and obtain the benefits therefrom.

ARA Group's infrastructure revenue is primarily derived from the rendering of infrastructure services and infrastructure services.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### p) Revenue from contracts with customers (continued)

##### Infrastructure revenue (continued)

Infrastructure revenue is recognised over the period of the contract, reflecting the transfer of control of the infrastructure asset to the customer.

Infrastructure revenue is recognised over the period of the contract, reflecting the transfer of control of the infrastructure asset to the customer.

##### Contract balances

##### Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer under a contract that has been approved by management. Contract liabilities are recognised at the time of contract approval and are measured at the fair value of the consideration received or receivable, net of any amounts received or due from customers in respect of the contract.

#### q) Other income

##### Interest income

Interest income is recognised on a time proportionate basis using the effective interest method. Interest income is recognised on a time proportionate basis using the effective interest method.

##### Dividend income

Dividend income is recognised when the company is entitled to receive dividends from its investees.

#### r) Goods and services tax (GST)

Goods and services tax (GST) is recognised as a liability when it is payable to the tax authority and as an asset when it is receivable from the tax authority.

Goods and services tax (GST) is recognised as a liability when it is payable to the tax authority and as an asset when it is receivable from the tax authority.

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Goods and services tax (GST) is recognised as a liability when it is payable to the tax authority and as an asset when it is receivable from the tax authority.

#### s) Financial instruments - initial recognition and subsequent measurement

Financial instruments are recognised when the company becomes a party to the financial instrument and measurement is based on the fair value of the instrument.

##### (i) Financial assets

##### Initial recognition and measurement

Financial assets are recognised when the company becomes a party to the financial instrument and measurement is based on the fair value of the instrument.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### s) Financial instruments - initial recognition and subsequent measurement (continued)

##### (i) Financial assets (continued)

##### Initial recognition and measurement (continued)

Financial assets are recognised when the company becomes a party to the financial instrument and measurement is based on the fair value of the instrument.

Financial assets are recognised when the company becomes a party to the financial instrument and measurement is based on the fair value of the instrument.

Financial assets are recognised when the company becomes a party to the financial instrument and measurement is based on the fair value of the instrument.

##### Subsequent measurement

Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income.

Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income.

Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income.

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are measured at amortised cost, less any impairment losses.

Financial assets at amortised cost are measured at amortised cost, less any impairment losses.

Financial assets at amortised cost are measured at amortised cost, less any impairment losses.

Financial assets at amortised cost are measured at amortised cost, less any impairment losses.

Financial assets at amortised cost are measured at amortised cost, less any impairment losses.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss.

##### Derecognition

Financial assets are derecognised when the company transfers the risks and rewards of ownership to another entity.

Financial assets are derecognised when the company transfers the risks and rewards of ownership to another entity.

Financial assets are derecognised when the company transfers the risks and rewards of ownership to another entity.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### s) Financial instruments - initial recognition and subsequent measurement (continued)

##### (i) Financial assets (continued)

###### Impairment of financial assets

The Group assesses the credit risk of financial assets at each reporting date to determine whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group measures the loss allowance at the amount of the lifetime expected credit losses. If there has not been a significant increase in credit risk, the Group measures the loss allowance at the amount of the 12-month expected credit losses.

The Group uses a provision matrix to assess credit risk. The provision matrix is based on the Group's historical credit loss experience, adjusted for differences in risk characteristics. The Group also considers forward-looking information that is available to the Group at the reporting date.

The Group's financial assets are classified into three categories: debt instruments at amortised cost, debt instruments at fair value through profit or loss, and equity instruments at fair value through profit or loss.

The Group's financial liabilities are classified into three categories: financial liabilities at amortised cost, financial liabilities at fair value through profit or loss, and financial liabilities at fair value through other comprehensive income.

##### (ii) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Financial liabilities are subsequently measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, depending on the classification of the financial liability.

The Group's financial liabilities are classified into three categories: financial liabilities at amortised cost, financial liabilities at fair value through profit or loss, and financial liabilities at fair value through other comprehensive income.

###### Subsequent measurement

The Group's financial liabilities are subsequently measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, depending on the classification of the financial liability.

###### Loans and borrowings

The Group's loans and borrowings are classified into three categories: loans and borrowings at amortised cost, loans and borrowings at fair value through profit or loss, and loans and borrowings at fair value through other comprehensive income.

The Group's loans and borrowings are subsequently measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, depending on the classification of the loan or borrowing.

The Group's loans and borrowings are classified into three categories: loans and borrowings at amortised cost, loans and borrowings at fair value through profit or loss, and loans and borrowings at fair value through other comprehensive income.

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### s) Financial instruments - initial recognition and subsequent measurement (continued)

##### (ii) Financial liabilities (continued)

###### Subsequent measurement (continued)

###### Trade and other payables

The Group's trade and other payables are classified into three categories: trade payables, other payables, and other liabilities. Trade payables are measured at amortised cost, other payables are measured at fair value through profit or loss, and other liabilities are measured at fair value through other comprehensive income.

###### Derecognition

The Group derecognises a financial liability when its contractual obligations are extinguished or cancelled, or its terms have been renegotiated. The Group derecognises a financial asset when it has transferred all the risks and rewards of ownership of the asset, or when it has transferred legal title of the asset and has not retained any significant risks and rewards of ownership of the asset.

#### t) Fair value measurement

The Group's financial instruments are measured at fair value. Fair value is the price that would be received to settle an asset or liability in an orderly transaction between market participants at the reporting date.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.

The Group's financial instruments are classified into three categories: financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income, and financial instruments at amortised cost.



# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### u) Critical accounting estimates and judgements

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

#### Judgement

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

#### Key estimates - Impairment of goodwill and other intangible assets with indefinite useful life

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

#### Key estimates - Costs to complete on construction contracts

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

#### Determining the lease term of contracts with renewal options – Group as lessee

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

#### Leases - Estimating the incremental borrowing rate

本公司在编制财务报表时，需要对某些资产、负债和或有事项的账面价值进行估计。这些估计涉及对未来的不确定事项的判断。管理层在做出这些判断时，考虑了所有可获得的信息，包括历史经验、行业趋势和专家意见。这些估计可能会随着新信息的出现而发生变化。

# Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

## 3. Business combinations

### Acquisitions in 2022

本公司在2022年收购了澳大利亚公司（“ACD”），收购成本为\$11,312,818。收购成本包括收购的净资产\$500,000，以及收购的商誉\$10,812,818。收购的商誉将在未来期间摊销。收购的商誉将在未来期间摊销。

本公司在2022年收购了澳大利亚公司（“FSS”），收购成本为\$5,095,616。收购成本包括收购的净资产\$371,000，以及收购的商誉\$4,724,616。收购的商誉将在未来期间摊销。收购的商誉将在未来期间摊销。

本公司在2022年收购了澳大利亚公司（“Oceanlink”），收购成本为\$4,016,846。收购成本包括收购的净资产\$365,750，以及收购的商誉\$3,651,096。收购的商誉将在未来期间摊销。收购的商誉将在未来期间摊销。

本公司在2022年收购了澳大利亚公司（“ARA Hardware”），收购成本为\$1,875,469。收购成本包括收购的净资产\$1,875,469，以及收购的商誉\$0。收购的商誉将在未来期间摊销。收购的商誉将在未来期间摊销。

本公司在2022年收购了澳大利亚公司（“ARA Hardware”），收购成本为\$1,875,469。收购成本包括收购的净资产\$1,875,469，以及收购的商誉\$0。收购的商誉将在未来期间摊销。收购的商誉将在未来期间摊销。

收购的商誉将在未来期间摊销。

收购的商誉将在未来期间摊销。

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

#### 3. Business combinations (continued)

##### Acquisitions in 2022 (continued)

##### Assets acquired and liabilities assumed

The fair value of the identifiable intangible assets acquired in the business combinations is as follows:

##### Fair value recognised on acquisition

|  | ACD               | ARA Hardware      | FSS              | Oceanlink        | Others            | Total             |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
|  | \$                | \$                | \$               | \$               | \$                | \$                |
| <b>Assets</b>  |                   |                   |                  |                  |                   |                   |
| Identifiable intangible assets                                   |                   |                   |                  |                  |                   |                   |
| Customer relationships   |                   |                   |                  |                  |                   |                   |
| Trade names  |                   |                   |                  |                  |                   |                   |
| Non-compete agreements   |                   |                   |                  |                  |                   |                   |
| Other intangible assets  |                   |                   |                  |                  |                   |                   |
| Goodwill   |                   |                   |                  |                  |                   |                   |
| <b>Total assets</b>  | <b>769,769</b>    | <b>4,720,654</b>  | <b>2,031,692</b> | <b>215,206</b>   | <b>6,283,331</b>  | <b>14,020,652</b> |
| <b>Liabilities</b>   |                   |                   |                  |                  |                   |                   |
| Accounts payable and accrued liabilities                         |                   |                   |                  |                  |                   |                   |
| Deferred tax liabilities   |                   |                   |                  |                  |                   |                   |
| Other liabilities  |                   |                   |                  |                  |                   |                   |
| Provision for doubtful debts                                     |                   |                   |                  |                  |                   |                   |
| Other provisions   |                   |                   |                  |                  |                   |                   |
| <b>Total liabilities</b>   | <b>742,146</b>    | <b>1,786,737</b>  | <b>2,121,522</b> | <b>60,578</b>    | <b>4,351,857</b>  | <b>9,062,840</b>  |
| <b>Total identifiable net assets/(liabilities) at fair value</b> | <b>27,623</b>     | <b>2,933,917</b>  | <b>(89,830)</b>  | <b>154,628</b>   | <b>1,931,474</b>  | <b>4,957,812</b>  |
| <b>Purchase consideration transferred</b>                        | <b>11,312,818</b> | <b>12,190,548</b> | <b>5,095,616</b> | <b>4,016,846</b> | <b>34,480,293</b> | <b>67,096,121</b> |

The fair value of the identifiable intangible assets acquired in the business combinations is as follows:

Customer relationships: \$13,903,054, Trade names: \$14,123,054, Non-compete agreements: \$220,000, Other intangible assets: \$400,000.

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

#### 3. Business combinations (continued)

##### Acquisitions in 2022 (continued)

|                               | ACD               | ARA Hardware      | FSS              | Oceanlink        | Others            | Total             |
|-------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| <b>Purchase consideration</b> |                   |                   |                  |                  |                   |                   |
| Cash                          |                   |                   |                  |                  |                   |                   |
| Trade receivables             |                   |                   |                  |                  |                   |                   |
| Other assets                  |                   |                   |                  |                  |                   |                   |
| Liabilities assumed           |                   |                   |                  |                  |                   |                   |
| <b>Total consideration</b>    | <b>11,312,818</b> | <b>12,190,548</b> | <b>5,095,616</b> | <b>4,016,846</b> | <b>34,480,293</b> | <b>67,096,121</b> |

|  | ACD               | ARA Hardware      | FSS              | Oceanlink        | Others            | Total             |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| <b>Net cash outflow on acquisition</b> |                   |                   |                  |                  |                   |                   |
| Net cash inflows from operations       |                   |                   |                  |                  |                   |                   |
| Change in working capital              |                   |                   |                  |                  |                   |                   |
| Change in other assets and liabilities |                   |                   |                  |                  |                   |                   |
| Change in cash and cash equivalents    |                   |                   |                  |                  |                   |                   |
| <b>Total cash consideration</b>        | <b>10,837,010</b> | <b>10,426,054</b> | <b>4,740,384</b> | <b>3,163,411</b> | <b>26,274,807</b> | <b>55,441,666</b> |

##### Acquisitions in 2021

The fair value of the identifiable intangible assets acquired in the business combinations is as follows: Customer relationships: \$8,368,019, Trade names: \$7,968,019, Non-compete agreements: \$400,000, Other intangible assets: \$800,000.

The fair value of the identifiable intangible assets acquired in the business combinations is as follows: Customer relationships: \$14,378,753, Trade names: \$8,878,753, Non-compete agreements: \$1,400,000, Other intangible assets: \$5,500,000.

The fair value of the identifiable intangible assets acquired in the business combinations is as follows: Customer relationships: \$14,123,054, Trade names: \$13,903,054, Non-compete agreements: \$220,000, Other intangible assets: \$400,000.

The fair value of the identifiable intangible assets acquired in the business combinations is as follows: Customer relationships: \$13,903,054, Trade names: \$14,123,054, Non-compete agreements: \$220,000, Other intangible assets: \$400,000.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 3. Business combinations (continued)

#### Acquisitions in 2021 (continued)

#### Assets acquired and liabilities assumed

The fair value of the identifiable intangible assets acquired in the business combinations is disclosed in Note 17. The fair value of the identifiable intangible assets acquired in the business combinations is disclosed in Note 17.

#### Fair value recognised on acquisition

|  | Final<br>\$       | Provisional<br>\$ |
|--|-------------------|-------------------|
| <b>Assets</b>                                      |                   |                   |
| Identifiable intangible assets                     | 15,120,237        | 15,163,063        |
| Goodwill   | -                 | -                 |
| Property, plant and equipment                      | -                 | -                 |
| Financial assets                                   | -                 | -                 |
| Other non-current assets                           | -                 | -                 |
| Current assets                                     | -                 | -                 |
| Current liabilities                                | -                 | -                 |
| <b>Liabilities</b>                                 |                   |                   |
| Current liabilities                                | 8,082,631         | 7,445,524         |
| Non-current liabilities                            | -                 | -                 |
| Other non-current liabilities                      | -                 | -                 |
| Current assets                                     | -                 | -                 |
| Current liabilities                                | -                 | -                 |
| <b>Total liabilities</b>                           | <b>8,082,631</b>  | <b>7,445,524</b>  |
| <b>Total identifiable net assets at fair value</b> | <b>7,037,606</b>  | <b>7,717,539</b>  |
| <b>Purchase consideration transferred</b>          | <b>36,869,826</b> | <b>36,869,826</b> |
| <b>Purchase consideration</b>                      |                   |                   |
| Cash   | -                 | -                 |
| Other non-current assets                           | -                 | -                 |
| Current assets                                     | -                 | -                 |
| Current liabilities                                | -                 | -                 |
| <b>Total consideration</b>                         | <b>36,869,826</b> | <b>36,869,826</b> |
| <b>Net cash outflow on acquisition</b>             |                   |                   |
| Cash   | -                 | -                 |
| Other non-current assets                           | -                 | -                 |
| Current assets                                     | -                 | -                 |
| Current liabilities                                | -                 | -                 |
| <b>Net cash outflow on acquisition</b>             | <b>31,036,814</b> | <b>31,036,814</b> |

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 4. Discontinued operations

#### Discontinued operations in 2021

The discontinued operations in 2021 are related to the disposal of the business units. The discontinued operations in 2021 are related to the disposal of the business units.

|  | 2021<br>\$ |
|--|------------|
| Loss for the year from discontinued operations | (364,714)  |

The discontinued operations in 2021 are related to the disposal of the business units. The discontinued operations in 2021 are related to the disposal of the business units. \$754,507.

### 5. Revenue from contracts with customers

#### 5.1 Disaggregated revenue information

The revenue from contracts with customers is disaggregated as follows:

|  | 2022<br>\$         | 2021<br>\$         |
|--|--------------------|--------------------|
| <b>Type of goods or service</b>                    |                    |                    |
| Construction services                              | 152,857,379        | 107,898,800        |
| Other services                                     | 405,775,161        | 348,420,464        |
| Other services                                     | 104,940,799        | -                  |
| Other services                                     | 57,849,130         | 14,860,662         |
| <b>Total revenue from contracts with customers</b> | <b>721,422,469</b> | <b>576,290,514</b> |
| <b>Geographical markets</b>                        |                    |                    |
| Other markets                                      | 679,790,589        | 543,694,696        |
| Other markets                                      | 41,631,880         | 32,595,818         |
| <b>Total revenue from contracts with customers</b> | <b>721,422,469</b> | <b>576,290,514</b> |
| <b>Timing of revenue recognition</b>               |                    |                    |
| Other services                                     | 152,857,379        | 107,898,800        |
| Other services                                     | 568,565,090        | 468,391,714        |
| <b>Total revenue from contracts with customers</b> | <b>721,422,469</b> | <b>576,290,514</b> |

#### 5.2 Performance obligations

The performance obligations are disclosed in Note 17. The performance obligations are disclosed in Note 17.

#### Sale of goods

The sale of goods is disclosed in Note 17. The sale of goods is disclosed in Note 17.

#### Rendering of services, construction revenue and infrastructure revenue

The rendering of services, construction revenue and infrastructure revenue is disclosed in Note 17. The rendering of services, construction revenue and infrastructure revenue is disclosed in Note 17.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 6. Other income and expenses

#### 6.1 Other income

|                 | 2022           | 2021          |
|-----------------|----------------|---------------|
|                 | \$             | \$            |
| Interest income | 105,012        | 24,711        |
| Other income    | -              | -             |
|                 | <u>105,012</u> | <u>24,711</u> |

#### 6.2 Finance costs

|                     | 2022             | 2021             |
|---------------------|------------------|------------------|
|                     | \$               | \$               |
| Interest expense    | 3,455,103        | 3,023,875        |
| Other finance costs | -                | -                |
|                     | <u>3,455,103</u> | <u>3,023,875</u> |

#### 6.3 Depreciation of property, plant and equipment

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| Depreciation of property, plant and equipment | 4,985,003        | 4,100,634        |
| Depreciation of right-of-use assets           | -                | -                |
| Amortisation expense                          | -                | -                |
| Superannuation expense                        | -                | -                |
|   | <u>4,985,003</u> | <u>4,100,634</u> |

#### 6.4 Depreciation of right-of-use assets

|                                     | 2022              | 2021              |
|-------------------------------------|-------------------|-------------------|
|                                     | \$                | \$                |
| Depreciation of right-of-use assets | 12,978,877        | 12,724,200        |
|                                     | <u>12,978,877</u> | <u>12,724,200</u> |

#### 6.5 Amortisation expense

|                      | 2022             | 2021             |
|----------------------|------------------|------------------|
|                      | \$               | \$               |
| Amortisation expense | 3,995,222        | 2,380,939        |
|                      | <u>3,995,222</u> | <u>2,380,939</u> |

#### 6.6 Superannuation expense

|  | 2022              | 2021              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Included in employee benefits expense: |                   |                   |
| Superannuation expense                 | 17,737,748        | 14,502,382        |
|  | <u>17,737,748</u> | <u>14,502,382</u> |

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 6. Other income and expenses (continued)

#### 6.7 Other expenses from ordinary activities

|   | 2022              | 2021              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Interest expense                              | 3,455,103         | 3,023,875         |
| Finance costs                                 | -                 | -                 |
| Depreciation of property, plant and equipment | 4,985,003         | 4,100,634         |
| Depreciation of right-of-use assets           | 12,978,877        | 12,724,200        |
| Amortisation expense                          | 3,995,222         | 2,380,939         |
| Superannuation expense                        | 17,737,748        | 14,502,382        |
|   | <u>38,039,540</u> | <u>32,000,441</u> |

### 7. Income tax

Consolidated statement of profit or loss

|   | 2022              | 2021              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Current income tax:   |                   |                   |
| Income tax expense  | 11,627,629        | 10,607,351        |
| Deferred tax:   |                   |                   |
| Income tax expense reported in the consolidated statement of profit or loss | <u>11,627,629</u> | <u>10,607,351</u> |

#### Consolidated statement of other comprehensive income

|   | 2022            | 2021             |
|---|-----------------|------------------|
|   | \$              | \$               |
| Income tax expense reported in the consolidated statement of other comprehensive income | (29,970)        | (124,979)        |
|   | <u>(29,970)</u> | <u>(124,979)</u> |

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 7. Income tax (continued)

Income tax expense is calculated based on the tax rates applicable to the consolidated entity in each jurisdiction. The tax rates applicable to the consolidated entity in each jurisdiction are as follows:

|  | 2022              | 2021              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| <b>Accounting profit before income tax</b>                         | <b>38,392,257</b> | <b>34,775,244</b> |
| Australia's income tax expense (30%)                               | (325,270)         | (299,767)         |
| Income tax expense attributable to profit from ordinary activities | <u>11,627,629</u> | <u>10,607,351</u> |

#### Deferred tax

Deferred tax assets and liabilities are recognised for all temporary differences.

|                                       | Consolidated statement of financial position |                  | Consolidated statement of profit or loss |                    |
|---------------------------------------|--|------------------|--|--------------------|
|                                       | 2022   | 2021             | 2022                                     | 2021               |
|                                       | \$   | \$               | \$                                       | \$                 |
| Income tax expense                    | (1,656,531)                                  | (971,757)        | (188,749)                                | (7,391)            |
| Income tax benefit                    | (759,252)                                    | (385,341)        | (276,227)                                | (1,266,786)        |
| Income tax expense                    | (3,468,602)                                  | (2,771,409)      | (930,335)                                | (406,257)          |
| Income tax benefit                    | (100,388)                                    | -                | -  | (1,020,728)        |
| Income tax expense                    | -  | -                | -  | (416,970)          |
| Income tax benefit                    | -  | -                | -  | (578,562)          |
| Income tax expense                    | -  | -                | -  | (712,914)          |
| <b>Deferred tax expense/(benefit)</b> | <b>6,321,839</b>                             | <b>7,012,150</b> | <b>(1,173,590)</b>                       | <b>(3,543,970)</b> |
| <b>Net deferred tax assets</b>        | <b>6,321,839</b>                             | <b>7,012,150</b> | <b>6,321,839</b>                         | <b>7,012,150</b>   |
| Income tax benefit                    | (6,087,515)                                  | (3,915,588)      | -  | -                  |
| <b>Deferred tax assets, net</b>       | <b>6,321,839</b>                             | <b>7,012,150</b> | <b>6,321,839</b>                         | <b>7,012,150</b>   |

#### Reconciliation of deferred tax assets, net

|                      | 2022             | 2021             |
|----------------------|------------------|------------------|
|                      | \$               | \$               |
| <b>As of 1 July</b>  | <b>7,012,150</b> | <b>4,746,717</b> |
| Income tax benefit   | (42,826)         | -                |
| Income tax expense   | (1,821,075)      | (1,278,537)      |
| <b>As at 30 June</b> | <b>6,321,839</b> | <b>7,012,150</b> |

The consolidated entity has recognised deferred tax assets of \$6,321,839 (2021: \$7,012,150) in relation to the following tax losses and unused tax credits:

Notes to the consolidated financial statements (continued)

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 8. Dividends

|                      | 2022        |                   | 2021         |                   |
|----------------------|-------------|-------------------|--------------|-------------------|
|                      | Per share   | \$                | Per share    | \$                |
| Final dividend (30%) | 0.42        | 18,616,956        | 0.425        | 17,642,114        |
| <b>Total</b>         | <b>0.42</b> | <b>18,616,956</b> | <b>0.425</b> | <b>17,642,114</b> |

|                    |              |              |
|--------------------|--------------|--------------|
| Income tax benefit | (17,273,184) | (19,558,231) |
| Income tax expense | 5,581,893    | 4,238,121    |

|                                | 2022              | 2021              |
|--------------------------------|-------------------|-------------------|
|                                | \$                | \$                |
| Income tax benefit             | -                 | -                 |
| Income tax expense             | -                 | -                 |
| Income tax benefit             | -                 | -                 |
| Income tax expense             | -                 | -                 |
| <b>Franking credit balance</b> | <b>37,707,433</b> | <b>31,026,960</b> |

|                    | 2022        | 2021        |
|--------------------|-------------|-------------|
|                    | \$          | \$          |
| Income tax benefit | (8,066,611) | (8,987,189) |
| Income tax expense | 37,707,433  | 31,026,960  |

### 9. Cash and cash equivalents

|                           | 2022       | 2021       |
|---------------------------|------------|------------|
|                           | \$         | \$         |
| Cash and cash equivalents | 47,213,443 | 29,226,587 |

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 9. Cash and cash equivalents (continued)

|  | 2022<br>\$        | 2021<br>\$        |
|--|-------------------|-------------------|
| <b>a) Cash flow reconciliation</b>       |                   |                   |
| Operating cash flows                     | 107,226,272       | 85,530,373        |
| <b>Adjustments for:</b>                  |                   |                   |
| Depreciation and amortisation            | 11,341,928        | 8,654,578         |
| Finance income                           | (1,000,000)       | (1,000,000)       |
| Finance expense                          | (1,000,000)       | (1,000,000)       |
| Changes in assets and liabilities:       |                   |                   |
| Trade and other receivables              | (1,000,000)       | (1,000,000)       |
| Trade and other payables                 | 1,000,000         | 1,000,000         |
| Prepaid expenses and other receivables   | (1,000,000)       | (1,000,000)       |
| Other non-current assets                 | (1,000,000)       | (1,000,000)       |
| Other non-current liabilities            | 1,000,000         | 1,000,000         |
| Other current assets                     | (1,000,000)       | (1,000,000)       |
| Other current liabilities                | 1,000,000         | 1,000,000         |
| Net cash flows from operating activities | <b>47,676,756</b> | <b>69,392,017</b> |

### Credit stand-by arrangement and loan facilities

The Group has a credit stand-by arrangement with a bank of \$196,000,000 (2021: \$146,000,000). The Group also has a credit stand-by arrangement with a bank of \$138,197,911 (2021: \$88,537,291). The Group also has a credit stand-by arrangement with a bank of \$30,000,000 (2021: \$4,000,000) and a loan facility of \$4,000,000 (2021: \$4,000,000). The Group also has a credit stand-by arrangement with a bank of \$625,000 (2021: \$4,625,000). The Group also has a credit stand-by arrangement with a bank of \$3,375,000 (2021: \$11,750,000) and a loan facility of \$184,250,000 (2021: \$3,480,620). The Group also has a credit stand-by arrangement with a bank of \$3,400,000 (2021: \$1,198,042) and a loan facility of \$1,280,699 (2021: \$1,280,699).

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 10. Trade and other receivables

|                    | 2022<br>\$     | 2021<br>\$     |
|--------------------|----------------|----------------|
| <b>Current</b>     |                |                |
| Trade receivables  | 107,226,272    | 85,530,373     |
| Other receivables  | 11,341,928     | 8,654,578      |
| <b>Non-current</b> | <b>169,850</b> | <b>212,936</b> |

### 11. Inventories

|                   | 2022<br>\$        | 2021<br>\$        |
|-------------------|-------------------|-------------------|
| Raw materials     | 28,825,067        | 18,357,666        |
| Work-in-progress  |                   |                   |
| Finished goods    |                   |                   |
| Other inventories |                   |                   |
| Total inventories | <b>28,825,067</b> | <b>18,357,666</b> |

### 12. Controlled entities

#### Subsidiaries

| Name                          | Principal Activities | % Equity interest |      |
|-------------------------------|----------------------|-------------------|------|
|                               |                      | 2022              | 2021 |
| ARA & Co (UK) Ltd             | Manufacturing        | 100               | 100  |
| ARA & Co (US) Inc             | Manufacturing        | 100               | 100  |
| ARA & Co (Canada) Inc         | Manufacturing        | 100               | 100  |
| ARA & Co (Australia) Pty Ltd  | Manufacturing        | 100               | 100  |
| ARA & Co (New Zealand) Ltd    | Manufacturing        | 100               | 100  |
| ARA & Co (India) Pvt Ltd      | Manufacturing        | 100               | 100  |
| ARA & Co (China) Co Ltd       | Manufacturing        | 100               | 100  |
| ARA & Co (Brazil) Ltda        | Manufacturing        | 100               | 100  |
| ARA & Co (Mexico) SA          | Manufacturing        | 100               | 100  |
| ARA & Co (Japan) Co Ltd       | Manufacturing        | 100               | 100  |
| ARA & Co (South Korea) Co Ltd | Manufacturing        | 100               | 100  |
| ARA & Co (Singapore) Pte Ltd  | Manufacturing        | 100               | 100  |
| ARA & Co (Hong Kong) Co Ltd   | Manufacturing        | 100               | 100  |
| ARA & Co (Taiwan) Co Ltd      | Manufacturing        | 100               | 100  |
| ARA & Co (Thailand) Co Ltd    | Manufacturing        | 100               | 100  |
| ARA & Co (Vietnam) Co Ltd     | Manufacturing        | 100               | 100  |
| ARA & Co (Malaysia) Co Ltd    | Manufacturing        | 100               | 100  |
| ARA & Co (Indonesia) Co Ltd   | Manufacturing        | 100               | 100  |
| ARA & Co (Philippines) Co Ltd | Manufacturing        | 100               | 100  |
| ARA & Co (Sri Lanka) Co Ltd   | Manufacturing        | 100               | 100  |
| ARA & Co (Myanmar) Co Ltd     | Manufacturing        | 100               | 100  |
| ARA & Co (Cambodia) Co Ltd    | Manufacturing        | 100               | 100  |
| ARA & Co (Laos) Co Ltd        | Manufacturing        | 100               | 100  |
| ARA & Co (Burmese) Co Ltd     | Manufacturing        | 100               | 100  |
| ARA & Co (Vietnamese) Co Ltd  | Manufacturing        | 100               | 100  |
| ARA & Co (Thai) Co Ltd        | Manufacturing        | 100               | 100  |
| ARA & Co (Indonesian) Co Ltd  | Manufacturing        | 100               | 100  |
| ARA & Co (Malaysian) Co Ltd   | Manufacturing        | 100               | 100  |
| ARA & Co (Singaporean) Co Ltd | Manufacturing        | 100               | 100  |
| ARA & Co (Chinese) Co Ltd     | Manufacturing        | 100               | 100  |
| ARA & Co (Korean) Co Ltd      | Manufacturing        | 100               | 100  |
| ARA & Co (Japanese) Co Ltd    | Manufacturing        | 100               | 100  |



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

13. Property, plant and equipment

|                                 | Leasehold improvements | Plant and machinery | Office furniture and equipment | Computer equipment and software | Motor Vehicles | Total      |
|---------------------------------|------------------------|---------------------|--------------------------------|---------------------------------|----------------|------------|
|                                 | \$                     | \$                  | \$                             | \$                              | \$             | \$         |
| <b>Cost</b>                     |                        |                     |                                |                                 |                |            |
| At 30 June 2021                 | 10,225,111             | 24,398,500          | 3,039,968                      | 8,468,002                       | 6,844,580      | 52,976,161 |
| At 30 June 2022                 | 6,366,406              | 16,056,554          | 2,298,326                      | 7,303,331                       | 3,459,354      | 35,483,971 |
| <b>Accumulated depreciation</b> |                        |                     |                                |                                 |                |            |
| At 30 June 2021                 |                        |                     |                                |                                 |                |            |
| At 30 June 2022                 |                        |                     |                                |                                 |                |            |
| <b>Net book value</b>           |                        |                     |                                |                                 |                |            |
| At 30 June 2021                 | 3,858,705              | 8,341,946           | 741,642                        | 1,164,671                       | 3,385,226      | 17,492,190 |
| At 30 June 2022                 |                        |                     |                                |                                 |                |            |

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

14. Leases

Group as a lessee

The Group leases various properties, plant and equipment, and motor vehicles. The leases are classified as operating leases. The Group recognizes lease payments as an expense on a straight-line basis over the lease term. The Group also recognizes lease liabilities for leases with a term of more than 12 months and a value of more than \$10,000. The Group uses the short-cut method to measure lease liabilities for leases with a term of 12 months or less and a value of less than \$10,000. The Group also recognizes lease assets for leases with a term of more than 12 months and a value of more than \$10,000. The Group uses the short-cut method to measure lease assets for leases with a term of 12 months or less and a value of less than \$10,000.

|                           | Property leases | Plant and equipment | Motor vehicles | Total      |
|---------------------------|-----------------|---------------------|----------------|------------|
|                           | \$              | \$                  | \$             | \$         |
| <b>As at 30 June 2021</b> | 29,605,689      | 361,187             | 9,589,795      | 39,556,671 |
| As at 30 June 2022        | 31,578,174      | 90,907              | 11,408,478     | 43,077,559 |

|                    | 2022       | 2021 |
|--------------------|------------|------|
|                    | \$         | \$   |
| As at 30 June 2022 | 50,996,981 |      |

The Group has entered into various lease agreements. The Group has entered into lease agreements for the use of properties, plant and equipment, and motor vehicles. The Group has entered into lease agreements for the use of properties, plant and equipment, and motor vehicles. The Group has entered into lease agreements for the use of properties, plant and equipment, and motor vehicles.



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

15. Goodwill and intangible assets

|                          | Goodwill    | Development costs | Brand name | Customer contracts | Intellectual property | Total       |
|--------------------------|-------------|-------------------|------------|--------------------|-----------------------|-------------|
|                          | \$          | \$                | \$         | \$                 | \$                    | \$          |
| Cost                     | 235,782,250 | 347,363           | 6,472,056  | 22,378,888         | 674,598               | 265,655,155 |
| At 30 June 2022          |             |                   |            |                    |                       |             |
| Accumulated amortisation | -           | 326,750           | -          | 9,187,006          | 535,999               | 10,049,755  |
| At 30 June 2022          |             |                   |            |                    |                       |             |
| Net book value           | 235,782,250 | 20,613            | 6,472,056  | 13,191,882         | 138,599               | 255,605,400 |
| At 30 June 2022          |             |                   |            |                    |                       |             |

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

16. Trade and other payables

|                | 2022        | 2021        |
|----------------|-------------|-------------|
|                | \$          | \$          |
| Current        |             |             |
| Trade payables | 72,260,255  | 55,208,534  |
| Other payables | 53,743,879  | 45,135,756  |
| Non-current    |             |             |
| Other payables | 5,416,800   | 1,550,000   |
|                | \$8,429,049 | \$2,750,000 |

17. Contract liabilities

|                      | 2022       | 2021      |
|----------------------|------------|-----------|
|                      | \$         | \$        |
| Contract liabilities | 12,382,765 | 7,400,887 |

18. Interest-bearing loans and borrowings

|             | Interest rate | Maturity        | 2022        | 2021       |
|-------------|---------------|-----------------|-------------|------------|
|             | %             | Financial years | \$          | \$         |
| Current     |               |                 | 3,375,000   | -          |
| Non-current |               |                 | 128,550,000 | 78,825,000 |
|             |               |                 | 131,925,000 | 78,825,000 |

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 18. Interest-bearing loans and borrowings (continued)

Interest-bearing loans and borrowings are classified as current liabilities if they are due or payable within 12 months from the reporting date. If they are not due or payable within 12 months from the reporting date, they are classified as non-current liabilities.

|  | 2022        | 2021        |
|--|-------------|-------------|
|  | \$          | \$          |
| Current                                  |             |             |
| Interest-bearing loans and borrowings    | 521,570,803 | 403,672,905 |
| Non-current                              |             |             |
| Interest-bearing loans and borrowings    | 3,399,589   | 3,231,483   |
| Aggregate employee entitlement liability | 28,864,696  | 24,094,467  |

### 19. Employee benefits liabilities

|  | 2022       | 2021       |
|--|------------|------------|
|  | \$         | \$         |
| Current                                  |            |            |
| Employee benefits liabilities            | 25,465,107 | 20,862,984 |
| Non-current                              |            |            |
| Employee benefits liabilities            | 3,399,589  | 3,231,483  |
| Aggregate employee entitlement liability | 28,864,696 | 24,094,467 |

#### Current

|                               |            |            |
|-------------------------------|------------|------------|
| Employee benefits liabilities | 25,465,107 | 20,862,984 |
|-------------------------------|------------|------------|

#### Non-current

|                               |           |           |
|-------------------------------|-----------|-----------|
| Employee benefits liabilities | 3,399,589 | 3,231,483 |
|-------------------------------|-----------|-----------|

#### Aggregate employee entitlement liability

### 20. Contributed equity and reserves

#### 20.1 Contributed equity

|                                | 2022        | 2021        |
|--------------------------------|-------------|-------------|
|                                | \$          | \$          |
| Fully paid shares              | 114,545,826 | 100,555,584 |
| Fully paid ordinary shares     |             |             |
| At beginning of financial year | 42,381,208  | 100,555,584 |
| Issued during financial year   | 72,164,618  | -           |
| At reporting date              | 44,655,137  | 114,545,826 |

The number of ordinary shares in issue at the reporting date was 44,655,137, representing an increase of 72,164,618 shares since the beginning of the financial year. The increase was due to the issuance of shares at a price of \$6.00 per share in connection with the acquisition of ARA Group Limited. The total consideration for the acquisition was \$9,483,578, of which \$4,506,664 was paid in cash and the balance was settled by the issuance of shares at a price of \$6.50 per share.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 20. Contributed equity and reserves (continued)

#### 20.2 Other reserves

##### a) Movement

| Year ended 30 June 2022                    | Other reserve | Hedge reserve | Foreign currency translation reserve | Total       |
|--|---------------|---------------|--------------------------------------|-------------|
|  | \$            | \$            | \$                                   | \$          |
| Balance at the start of the financial year | (2,839,864)   | (69,929)      | (134,865)                            | (3,044,658) |
| Other reserves                             | -             | -             | -                                    | -           |
| Foreign currency translation reserve       | -             | -             | -                                    | -           |
| At reporting date                          | (2,839,864)   | -             | (458,962)                            | (3,298,826) |

##### Year ended 30 June 2021

| Year ended 30 June 2021                    | Other reserve | Hedge reserve | Foreign currency translation reserve | Total       |
|--|---------------|---------------|--------------------------------------|-------------|
|  | \$            | \$            | \$                                   | \$          |
| Balance at the start of the financial year | (2,839,864)   | (361,547)     | (104,873)                            | (3,306,284) |
| Other reserves                             | -             | -             | -                                    | -           |
| Foreign currency translation reserve       | -             | -             | -                                    | -           |
| At reporting date                          | (2,839,864)   | (69,929)      | (134,865)                            | (3,044,658) |

The movement in the Other reserve is due to the transfer of the reserve to the Foreign currency translation reserve in connection with the acquisition of ARA Group Limited. The total consideration for the acquisition was \$9,483,578, of which \$4,506,664 was paid in cash and the balance was settled by the issuance of shares at a price of \$6.50 per share.

##### b) Nature and purpose of reserve

###### Other reserve

The Other reserve represents the reserve created in connection with the acquisition of ARA Group Limited. The reserve is used to fund the acquisition and is not available for distribution to shareholders.

###### Hedge reserve

The Hedge reserve represents the reserve created in connection with the acquisition of ARA Group Limited. The reserve is used to fund the acquisition and is not available for distribution to shareholders.

###### Foreign currency translation reserve

The Foreign currency translation reserve represents the reserve created in connection with the acquisition of ARA Group Limited. The reserve is used to fund the acquisition and is not available for distribution to shareholders.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 21. Related party disclosure

#### Transaction with key management personnel

##### Rental property paid to Directors

The Group has paid rental property to Directors of \$872,008 (2021: \$835,445).

The Group has also paid rental property to Directors of \$9,093,774 (2021: \$7,035,091).

##### Compensation of key management personnel of the Group

The Group has paid compensation to key management personnel of \$9,093,774 (2021: \$7,035,091).

##### Directors fees

The Group has paid directors fees of \$218,265 (2021: \$218,265).

##### Bank Guarantees

The Group has provided bank guarantees of \$187,725 (2021: \$187,725) on behalf of the Group's entities.

On 30 June 2022 compared to 2021, the Group has provided bank guarantees of \$187,725 (2021: \$187,725).

### 22. Commitments and contingencies

#### 22.1 Commitments

The Group has no commitments disclosed, other than those disclosed in Note 22.2 (Contingent liabilities).

#### 22.2 Contingent liabilities

The Group has provided contingent liabilities to the Group's entities in the form of bank guarantees (Qld) and letters of credit (Vic) to the Group's entities. The Group has provided bank guarantees of \$196,000,000 (2021: \$146,000,000) and letters of credit facilities of \$11,000,000 (2021: \$11,000,000) to the Group's entities. The Group has provided bank guarantees of \$6,272,911 (2021: \$9,712,291) to the Group's entities.

The Group has provided contingent liabilities to the Group's entities in the form of bank guarantees of \$3,480,620 (2021: \$3,400,000) and letters of credit facilities of \$1,198,042 (2021: \$1,280,699).

The Group has provided contingent liabilities to the Group's entities in the form of bank guarantees of \$50,000,000 (2021: \$50,000,000) and letters of credit facilities of \$35,364,123 (2021: \$31,991,871) to the Group's entities.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 23. Events after the reporting period

The Group has provided contingent liabilities to the Group's entities in the form of bank guarantees of \$8,713,688 (2021: \$8,713,688) and letters of credit facilities of \$11,000,000 (2021: \$11,000,000) to the Group's entities.

The Group has also provided contingent liabilities to the Group's entities in the form of bank guarantees of \$9,093,774 (2021: \$7,035,091) and letters of credit facilities of \$187,725 (2021: \$187,725) to the Group's entities.

### 24. Closed group class order

#### 24.1 Entities subject to class order relief

The Group's entities are subject to class order relief under the ASIC Corporations (Wholly owned Companies) Instrument 2016/785, and the Corporations Act 2001.

The Group's entities have entered into a deed of access (Deed) with ASIC to provide access to the Group's entities for the purposes of the ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 24. Closed group class order (continued)

#### 24.1 Entities subject to class order relief (continued)

24.1.1 Entities subject to class order relief (continued)

24.1.2 Entities subject to class order relief (continued)

24.1.3 Entities subject to class order relief (continued)

24.1.4 Entities subject to class order relief (continued)

24.1.5 Entities subject to class order relief (continued)

24.1.6 Entities subject to class order relief (continued)

24.1.7 Entities subject to class order relief (continued)

24.1.8 Entities subject to class order relief (continued)

24.1.9 Entities subject to class order relief (continued)

24.1.10 Entities subject to class order relief (continued)

24.1.11 Entities subject to class order relief (continued)

24.1.12 Entities subject to class order relief (continued)

24.1.13 Entities subject to class order relief (continued)

24.1.14 Entities subject to class order relief (continued)

24.1.15 Entities subject to class order relief (continued)

24.1.16 Entities subject to class order relief (continued)

24.1.17 Entities subject to class order relief (continued)

24.1.18 Entities subject to class order relief (continued)

24.1.19 Entities subject to class order relief (continued)

24.1.20 Entities subject to class order relief (continued)

24.1.21 Entities subject to class order relief (continued)

24.1.22 Entities subject to class order relief (continued)

24.1.23 Entities subject to class order relief (continued)

24.1.24 Entities subject to class order relief (continued)

24.1.25 Entities subject to class order relief (continued)

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24.1.78 Entities subject to class order relief (continued)

24.1.79 Entities subject to class order relief (continued)

24.1.80 Entities subject to class order relief (continued)

24.1.81 Entities subject to class order relief (continued)

24.1.82 Entities subject to class order relief (continued)

24.1.83 Entities subject to class order relief (continued)

24.1.84 Entities subject to class order relief (continued)

24.1.85 Entities subject to class order relief (continued)

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24.1.89 Entities subject to class order relief (continued)

24.1.90 Entities subject to class order relief (continued)

24.1.91 Entities subject to class order relief (continued)

24.1.92 Entities subject to class order relief (continued)

24.1.93 Entities subject to class order relief (continued)

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24.1.95 Entities subject to class order relief (continued)

24.1.96 Entities subject to class order relief (continued)

24.1.97 Entities subject to class order relief (continued)

24.1.98 Entities subject to class order relief (continued)

24.1.99 Entities subject to class order relief (continued)

24.1.100 Entities subject to class order relief (continued)

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

### 24. Closed group class order (continued)

#### 24.1 Entities subject to class order relief (continued)

24.1.1 Entities subject to class order relief (continued)

24.1.2 Entities subject to class order relief (continued)

#### 24.2 Consolidated statement of profit or loss and other comprehensive income

|  | Closed group      |                   |
|--|-------------------|-------------------|
|  | 2022              | 2021              |
|  | \$                | \$                |
| Revenue                                    | 1,234,567         | 1,123,456         |
| Cost of sales                              | (100,000)         | (95,000)          |
| Net profit for the period                  | <b>21,420,628</b> | <b>21,748,600</b> |
| Other comprehensive income                 | 19,206,651        | 16,617,339        |
| Retained earnings at the end of the period | <b>40,627,279</b> | <b>37,365,391</b> |

#### 24.3 Consolidated statement of financial position

24.3.1 Consolidated statement of financial position (continued)

|                                 | Closed group       |                    |
|---------------------------------|--------------------|--------------------|
|                                 | 2022               | 2021               |
|                                 | \$                 | \$                 |
| <b>Current assets</b>           |                    |                    |
| Trade receivables               | 123,456            | 112,345            |
| Trade payables                  | (100,000)          | (95,000)           |
| Other current assets            | 100,000            | 95,000             |
| <b>Total current assets</b>     | <b>162,229,822</b> | <b>124,133,144</b> |
| <b>Non-current assets</b>       |                    |                    |
| Financial assets                | 123,456            | 112,345            |
| Intangible assets               | 100,000            | 95,000             |
| Property, plant and equipment   | 100,000            | 95,000             |
| Other non-current assets        | 100,000            | 95,000             |
| <b>Total non-current assets</b> | <b>310,083,189</b> | <b>259,993,812</b> |
| <b>Total assets</b>             | <b>472,313,011</b> | <b>384,126,956</b> |

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

#### 24. Closed group class order (continued)

##### 24.3 Consolidated statement of financial position (continued)

|                                      | Closed group       |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | 2022               | 2021               |
|                                      | \$                 | \$                 |
| <b>Current liabilities</b>           |                    |                    |
| Trade payables                       | 1,234,567          | 987,654            |
| Other payables                       | 567,890            | 432,109            |
| Provisions                           | 123,456            | 87,654             |
| Contract liabilities                 | 345,678            | 210,987            |
| Other current liabilities            | 210,987            | 154,321            |
| <b>Total current liabilities</b>     | <b>163,860,756</b> | <b>134,913,927</b> |
| <b>Non-current liabilities</b>       |                    |                    |
| Other non-current liabilities        | 167,563,482        | 114,332,505        |
| <b>Total non-current liabilities</b> | <b>167,563,482</b> | <b>114,332,505</b> |
| <b>Total liabilities</b>             | <b>331,424,238</b> | <b>249,246,432</b> |
| <b>Net assets</b>                    | <b>140,888,773</b> | <b>134,880,524</b> |
| <b>Equity</b>                        |                    |                    |
| Share capital                        | 140,888,773        | 134,880,524        |
| Reserves                             |                    |                    |
| <b>Total equity</b>                  | <b>140,888,773</b> | <b>134,880,524</b> |

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

#### 25. Information relating to parent ARA Group Limited

|                          | 2022               | 2021               |
|--------------------------|--------------------|--------------------|
|                          | \$                 | \$                 |
| <b>Total assets</b>      | <b>480,591,051</b> | <b>379,502,765</b> |
| <b>Total liabilities</b> | <b>469,710,891</b> | <b>359,606,075</b> |
| <b>Net assets</b>        | <b>10,880,160</b>  | <b>19,896,690</b>  |
| <b>Equity</b>            |                    |                    |
| Share capital            | 10,880,160         | 19,896,690         |
| Reserves                 |                    |                    |
| <b>Total equity</b>      | <b>10,880,160</b>  | <b>19,896,690</b>  |

#### 26. Auditor's remuneration

|  | 2022           | 2021           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Amounts received or due and receivable by Ernst &amp; Young (Australia) audit firm for:</b> |                |                |
| Ernst & Young (Australia) audit firm   | 785,238        | 695,204        |
| Ernst & Young (Australia) audit firm   |                |                |
| <b>Total</b>   | <b>785,238</b> | <b>695,204</b> |

## Directors' declaration

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*Edward Tedman*

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### Independent auditor's report to the members ARA Group Limited

#### Opinion

We have audited the financial report of ARA Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001.

#### Basis for opinion

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

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

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

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

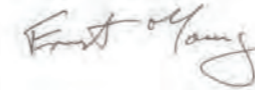
### Auditor’s responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Chris Lawton  
Partner  
Sydney  
10 August 2022

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