

ASX Announcement

26 February 2025

Australian Unity Limited – Interim Financial Report

Please find attached Australian Unity Limited's Interim Financial Report for the half-year ended 31 December 2024.

-end-

This announcement has been authorised for release by:
The board of Australian Unity Limited.

For further information:

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ASX code:

AYU

Issuer:

Australian Unity Limited
ACN 087 648 888

Securities on Issue:

AYUPA – 5,070,950

AYUHD – 2,070,000

AYUHE – 2,558,050

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The listing of Australian
Unity Securities on the
ASX does not affect
Australian Unity Limited's
status as a mutual entity

Australian Unity Limited

ABN 23 087 648 888

Interim financial report and directors' report for the half-year ended 31 December 2024

Australian Unity Limited ABN 23 087 648 888
Interim financial report and directors' report - 31 December 2024

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Australian Unity Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Australian Unity Limited is a company limited by shares and guarantee, however no shares have been issued. The Company is incorporated and domiciled in Australia and its registered office and principal place of business is:

271 Spring Street
Melbourne VIC 3000

The financial statements were authorised for issue by the directors on 26 February 2025.

Directors' report

The directors present their report on the consolidated entity (referred to hereafter as Australian Unity or the Group) consisting of Australian Unity Limited (Parent entity or Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2024 and the report of the auditor thereon.

Directors

The following persons were directors of Australian Unity Limited during the whole of the financial period and up to the date of this report (unless otherwise stated):

Lisa Chung, Chair
Melinda Cilento, Deputy Chair
Rohan Mead, Group Managing Director & CEO
Lucinda Brogden, Non-executive Director
Kim Cheater, Non-executive Director
Paul Kirk, Non-executive Director
Helen Nott, Non-executive Director
Julien Playoust, Non-executive Director
Su McCluskey, Non-executive Director (resigned on 30 October 2024)

Company secretaries

Melinda Honig and Catherine Visentin were company secretaries of Australian Unity Limited as at the date of this report.

Dividends

During the first six months of the 2025 financial year, the Company paid a fully franked dividend of \$2.5068 (2024: \$2.5068) per Australian Unity Mutual Capital Instrument totalling \$12,711,858 (2024: \$8,608,352).

Operating and financial review

In the six months to 31 December 2024, the Australian Unity Group reported a profit for the half-year (after income tax) of \$11.7 million (31 December 2023: \$1.4 million¹) and Adjusted EBITDA² from continuing operations of \$58.0 million (31 December 2023: \$44.6 million¹). The Group continued to progress its multi-faceted transformation and integration program, and further strengthened its position as one of Australia's leading Health, Wealth and Care businesses.

The Group's operations were conducted through four operational platforms—Home Health, Residential Aged Care, Retail and Wealth & Capital Markets (W&CM).

The Home Health and W&CM platforms performed above their prior corresponding reported Adjusted EBITDA positions; while the Residential Aged Care and Retail platform's variance were slightly below.

During the period, the Group continued its multi-year program of portfolio reshaping, with the current reporting period seeing progress with the integration of staff, customers and systems for the two businesses acquired in the previous financial year in the Home Health and W&CM platforms. Investment continued into operating systems for both these platforms, along with restructuring and investment into aspects of the Group's technology systems and functions.

The Group invested approximately \$33.4 million of non-recurring expenses into these integration and transformation programs in the review period (31 December 2023: \$18.2 million).

Included in the profit for the half-year (after income tax) was a loss from discontinued operations of \$1.2 million (31 December 2023: \$0.3 million profit). The Group's profit for the half-year (after income tax) from continuing operations was \$12.9 million (31 December 2023: \$1.1 million¹).

Summary of financial performance - Australian Unity Group

	Half-year to 31 December 2024 \$million	Half-year to 31 December 2023 ¹ \$million	Variance %
Revenue and other income from continuing operations	1,322.3	979.3	35.0
Expenses from continuing operations, excluding finance costs	(1,202.9)	(884.4)	(36.0)
Adjusted EBITDA ² from continuing operations	58.0	44.6	30.2
Profit from continuing operations (after income tax)	12.9	1.1	1,067.8
Profit for the half-year (after income tax)	11.7	1.4	737.4

Operating and financial review (continued)

The favourable aggregate results in the reporting period can be attributed to the Group's portfolio transformation, and associated operationalisation, along with acquisition and integration activities. The results also reflect the inherent financial impacts of the complexities within the Group's chosen sectors, including persisting external challenges, such as high interest rates, ongoing cost of living pressures, the escalating health imperative with an ageing population and increasing burden of chronic disease, and the ongoing tightness of the labour market.

As part of the Group's continued strategic portfolio adjustments, in the half year Australian Unity Bank Limited signalled the sale of its banking business to Bank Australia Limited. Transition preparations have commenced for all banking customers and the transfer is expected to be complete in late 2025.

Additional activities of note during the period under review included W&CM's divestment of the management rights in Altius Asset Management, and the motion to wind up the Australian Unity Office Fund, for which an Australian Unity Group related party is the Responsible Entity.

In December 2024, the Group opened the Wyvern Private Hospital in New South Wales, a key asset in its Australian Unity Healthcare Property Trust (AUHPT).

As a provider of social infrastructure, the Group welcomed the passing of the *Aged Care Bill 2024* in November 2024, and the anticipated sector reform improvements that should self-support more sustainable operations from 1 July 2025. This bipartisan achievement will positively transform care for older Australians and the Group will continue to play an active role in the implementation of these policy settings through its involvement in the Government's Aged Care Transition Taskforce.

Reporting highlights for the Group's four business platforms are provided below.

Home Health

The Home Health platform provides a range of in-home health services across both community and virtual settings that are designed to meet the ongoing needs of our customers and support them to live independently and age well at home.

Financial performance

	Half-year to 31 December 2024 \$million	Half-year to 31 December 2023 \$million	Variance %
Total segment revenue	473.8	234.8	101.8
Operating expenses	(445.5)	(218.7)	(103.7)
Adjusted EBITDA ²	28.3	16.0	76.9

The Home Health platform recorded a strong financial result with \$239.0 million of segment revenue growth in the review period, attributed to the operationalisation of the FY2024 acquisition of *myHomecare Group* (MHC). This acquisition has contributed \$8.5 million towards Home Health's Adjusted EBITDA², a combination of \$18.0 million of EBITDA net of \$9.5 million of integration costs in the reporting period.

The business continued to invest in transforming its operating model to meet the growing needs and expectations of customers and in preparation for the Government's *Support at Home policy* requirements, which are planned to commence from 1 July 2025. This has included materially advancing the design and development of the core technologies used to support the delivery of an integrated healthcare proposition. In the period under review, Home Health's Adjusted EBITDA² included \$11.5 million of transformation expenses (31 Dec 2023: \$8.7 million).

Taking into consideration the investment in transforming the business and the half-year benefit of the MHC acquisition, an Adjusted EBITDA² excluding both the MHC contribution and transformation/integration costs grew 26.3 percent from the prior corresponding period. This growth was largely as a result of Home Care package pricing increases that were implemented partially through the prior corresponding period.

Safe minutes of care is the key operating measure of Home Health, which reflects the volume of output of the Home Health workforce. Home Health delivered 118.6 million safe minutes of care for the period under review, an increase of 22.5 percent on the prior corresponding period. This result includes 23.7 million safe minutes of care attributable to the MHC acquisition.

Reflecting the increased focus on clinical service delivery, Home Health achieved a 10.2 percent increase in hospital substitution programs delivered. Compared to the prior corresponding period, mental health interactions increased by 13.0 percent and the Aboriginal Home Care business provided a 17.2 percent increase in safe minutes of care to Indigenous customers.

Operating and financial review (continued)
Home Health (continued)

Safe minutes of care and delivery

	Half-year to 31 December 2024	Half-year to 31 December 2023	Change %
Total safe minutes of care	118.6 million	96.8 million	22.5
<i>Benefit of MHC Acquisition</i>	23.7 million		
Safe minutes of care delivered through the Aboriginal Home Care business	8.2 million	7.0 million	17.2
Hospital substitution programs delivered	3,971	3,602	10.2
Mental Health interactions via calls, webchats and emails	114,305	101,142	13.0

For the six-month period to 31 December 2024, the business had a slight increase in Home Care packages of 0.9%. During the period there was overall reduction of customers of 3.0% and a reduction in Healthcare workers of 3.8%, reflecting an effective balancing of demand and supply.

Home Care packages, customers, and workers

	As at 31 December 2024	As at 30 June 2024	Change %
Home Care packages	24,032	23,820	0.9
Home Care customers	55,241	56,945	(3.0)
Healthcare workers	4,496	4,675	(3.8)

Residential Aged Care

The Residential Aged Care platform owns, operates and develops aged care facilities, delivering comprehensive 24/7 care and accommodation services across 12 facilities in New South Wales, Victoria and Queensland.

Financial performance

	Half-year to 31 December 2024 \$million	Half-year to 31 December 2023 \$million	Variance %
Total segment revenue	113.6	101.3	12.1
Operating expenses	(94.9)	(81.3)	16.7
Adjusted EBITDA ²	18.7	20.0	(6.2)

The Residential Aged Care platform experienced solid revenue growth in the period under review, with the increase primarily driven by higher resident numbers following the successful sale of new rooms at The Alba in South Melbourne, Victoria and Walmsley in Kilsyth, Victoria. In addition, other revenue growth was attributable to increased government funding to support wage increases under the Fair Work Commission's *Aged Care Work Value Case*, and the anticipated increase in mandated minimum care minutes from October 2024.

Notably, the platform saw reduced reliance on one-off government grant funding through the *Outbreak Management Supplement* of \$0.3 million, compared to the COVID-19 government grant funding in the previous corresponding period (31 December 2023: \$0.6 million).

The operating expenses increase was predominately driven by an escalation in wage and wage-related costs, together with higher utilities expenses and increased repairs and maintenance expenses. Consequently, Adjusted EBITDA² experienced a modest decline.

Operating and financial review (continued)
Residential Aged Care (continued)

Aged care bed numbers and occupancy

	As at 31 December 2024	As at 30 June 2024	Change
Total available beds	1,216	1,215	1
Average occupancy (Mature homes [*])	96.7%	97.1%	(0.4)%

* Mature homes are properties that are two years post development completion.

The occupancy levels in the period were 4.1 percentage points above the sector average of 92.6 percent and 2.1 percentage points above the sector top quartile³. The newest aged care facility in the portfolio, The Alba, South Melbourne, Victoria, which opened in August 2023, reached 97.9 percent occupancy as at 31 December 2024.

At 31 December 2024, the platform's workforce of 1,983 employees was supporting 1,178 residents.

Retail

The Retail platform brings together Australian Unity's private health insurance (PHI), banking business and distribution of general insurance products.

On 6 November 2024, Australian Unity Bank Limited signed an agreement to transfer its banking business to Bank Australia in late 2025. In the period under review, the sale is reported as a discontinued operation. Financial information for the banking business is available in Note 21 to the consolidated financial statements.

Financial information for the continuing Retail operations (PHI and distribution of general insurance products⁴) is detailed below.

Financial performance – Retail - continuing operations

	Half-year to 31 December 2024 \$million	Half-year to 31 December 2023 ¹ \$million	Variance %
Total segment revenue	357.8	342.9	4.3
Operating expenses (including claims)	(326.6)	(311.0)	(5.0)
Adjusted EBITDA ²	31.2	31.9	(2.2)

The financial results of the platform's continuing operations were driven by a return to more familiar conditions in PHI post pandemic, and substantial finalisation of policyholder givebacks. This was accompanied by the return of significant inflation in claims and provider costs.

Total operating expenses for continuing operations, including claims, were higher than the prior corresponding period primarily as a result of an \$18.5 million increase in claims net of risk equalisation for the PHI business.

The Adjusted EBITDA² for the continuing operations was marginally less than the prior corresponding period, largely attributable to increased PHI claims.

Insurances

During the reporting period, the overall number of PHI policyholders decreased slightly in highly competitive market conditions.

PHI policyholder overview

	As at 31 December 2024	As at 30 June 2024	Change %
Overseas visitors cover policyholders	4,966	4,064	22.2
Australian resident PHI policyholders	160,421	162,455	(1.3)
Total PHI policyholders	165,387	166,519	(0.7)

Operating and financial review (continued)
Wealth & Capital Markets (W&CM)

The W&CM platform comprises funds management, retirement living, social infrastructure, investment bonds and trustees businesses.

Financial performance

	Half-year to 31 December 2024 \$million	Half-year to 31 December 2023 \$million	Variance %
Total segment revenue	125.8	107.5	17.0
Other income	4.0	-	n/a
Operating expenses	(94.3)	(83.5)	(12.8)
Adjusted EBITDA ²	35.4	24.0	47.7

The platform's total segment revenue and Adjusted EBITDA² increase over the prior corresponding period largely related to profit on the divestment of the management rights in Altius Asset Management and the revaluation of Herston Quarter as the precinct stages are being developed and activated.

The total gross value of funds under management, administration and advice (FUMAA) decrease is consistent with the platform strategy to exit commercial property and increase investment into social infrastructure. The movement is largely related to the divestment of the management rights in Altius Asset Management.

Funds under management, administration and advice (FUMAA)

	As at 31 December 2024 \$million	As at 30 June 2024 \$million	Variance %
Investment funds	8,937.7	10,497.3	(14.9)
Social infrastructure	4,038.9	3,959.9	2.0
Investment bonds	3,796.0	3,696.5	2.7
Trustees	609.5	603.0	1.1
Total gross FUMAA⁺	17,382.1	18,756.7	(7.3)

⁺ Included in total gross FUMAA is \$969.4 million investments managed on behalf of the Group as at 31 December 2024 and \$1,054.3 million as at 30 June 2024.

The application to transfer the business of Australian Unity Life Bonds Limited to Lifeplan Australia Friendly Society Limited was approved by the Australian Prudential Regulation Authority (APRA) with effect from 1 December 2024.

The Group continued to support the withdrawal of Northwest interests in the Australian Unity Healthcare Property Trust (AUHPT), and invested an additional \$24.3 million in AUHPT during the reporting period, bringing our total balance sheet investment to ~\$148.4 million.

During the period under review, the retirement communities portfolio, which includes 24 retirement villages across New South Wales, Victoria and Queensland, achieved 80 resale settlements (31 December 2023: 125) with total revenue of \$34.2 million (31 December 2023: \$42.4 million). At 31 December 2024, occupancy levels remained strong at 93.6 percent across the portfolio which was slightly lower than the prior period (30 June 2024: 94.8 percent).

¹ Comparative information has been reclassified to reflect the impact of a discontinued operation. Full details are set out in Note 21 of the consolidated financial statements.

Operating and financial review (continued)
Wealth & Capital Markets (W&CM) (continued)

² In assessing the performance of its operating business segments, the Group uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). As the name indicates, this measure excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes Group overheads and other material non-recurring expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in Note 2 (c) to the consolidated financial statements. For the purposes of the financial performance in the Operating and Financial Review, the Group Adjusted EBITDA is the sum of the platform Adjusted EBITDA plus the Corporate Functions.

³ Stewart Brown Aged Care Financial Performance Survey (September 2024):
<https://www.stewartbrown.com.au/news-articles/26-aged-care/304-2025-01-aged-care-financial-performance-survey-analysis-report>

⁴ General Insurance is not part of the banking business divestment. As a continuing operation, relevant information has been retained.

Matters subsequent to the end of the half-year

MCI dividend

On 26 February 2025, the board of Australian Unity Limited has determined an interim fully franked dividend of \$2.4932 per Australian Unity Mutual Capital Instrument, totalling \$12,642,642, to be paid on 15 April 2025. The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2024 and will be recognised in subsequent financial reports.

Constitution Hill RACF acquisition

On 21 January 2025, the settlement of the acquisition of the Constitution Hill Residential Aged Care Facility (RACF) from Australian Unity Healthcare Property Trust (AUHPT) was completed. The acquisition was finalised with the ownership of the land and building now held by Australian Unity Nominees Pty Ltd as trustee for Australian Unity Aged Care Trust # 3. The total consideration for the acquisition amounted to \$24,513,000.

The Alba funding

On 14 February 2025, Australian Unity Limited (AUL) provided an arms length loan of \$27.5 million to the 114 Albert Road Holding Trust in order to redeem the Preferred A units, resulting in Australian Unity Care Services (AUCS) being the sole unitholder of the Trust. From this date, AUCS will consolidate the 114 Albert Road Holding Trust which includes the structure used to develop the Alba Residential Aged Care and Retirement Living precinct.

The board is not aware of any other matter or circumstance arising since 31 December 2024 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 and forms part of the report.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission. Unless otherwise stated, amounts in the Directors' report and Financial statements have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.



Lisa Chung
Chair



Rohan Mead
Group Managing Director & CEO

Melbourne
26 February 2025



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

To the Directors of Australian Unity Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Australian Unity Limited for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Chris Wooden

Partner

Melbourne

26 February 2025

Australian Unity Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2024

		Half-year	
		2024	2023
			Restated *
	Notes	\$'000	\$'000
Insurance revenue			
Insurance revenue	3	365,418	349,308
Benefit funds insurance revenue	3	7,661	7,588
		<u>373,079</u>	<u>356,896</u>
Insurance expense			
Insurance service expenses	5	(331,802)	(321,167)
Insurance finance expense from insurance contracts issued	7	(195)	(299)
Benefit funds insurance service expenses	5	(8,158)	(7,972)
Benefit funds insurance finance expense from insurance contracts issued	7	(14,404)	(19,656)
Net insurance income		<u>18,520</u>	<u>7,802</u>
Other revenue and other income	4	725,736	446,344
Benefit funds other income	4	223,447	176,098
Other expenses, excluding finance costs	5	(708,615)	(443,892)
Benefit funds other expenses	5	(154,293)	(111,358)
Operating profit		<u>104,795</u>	<u>74,994</u>
Finance costs	6	(40,526)	(33,744)
Share of net profit/(loss) of joint ventures		208	(183)
Profit before income tax		<u>64,477</u>	<u>41,067</u>
Income tax expense	8	(51,573)	(39,962)
Profit from continuing operations		<u>12,904</u>	<u>1,105</u>
Profit/(loss) from discontinued operation ⁽¹⁾	21	(1,180)	295
Profit for the half-year		<u>11,724</u>	<u>1,400</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Cash flow hedges		(6,585)	(10,049)
Income tax relating to this item		1,975	3,015
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations		19	(8)
Other comprehensive income for the half-year, net of tax		<u>(4,591)</u>	<u>(7,042)</u>
Total comprehensive income for the half-year		<u>7,133</u>	<u>(5,642)</u>
Profit for the half-year is attributable to:			
Members of Australian Unity Limited	20	11,724	1,400
Total comprehensive income for the half-year is attributable to:			
Members of Australian Unity Limited		<u>7,133</u>	<u>(5,642)</u>
Total comprehensive income for the half-year attributable to members of Australian Unity Limited arises from:			
Continuing operations		8,313	(5,937)
Discontinued operation		(1,180)	295
		<u>7,133</u>	<u>(5,642)</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Unity Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2024
(continued)

* Refer to note 21. Comparative information has been reclassified to reflect the impact of a discontinued operation.

⁽¹⁾ Discontinued operations for the period to 31 December 2023 include the results of both the Australian Unity Bank Limited (refer to note 21) and the Wealth Advice Services business, which was disposed of on 31 December 2023.

Two subsidiaries of the Company, Lifeplan Australia Friendly Society Limited (LAFS) and Australian Unity Life Bonds Limited (AULBL), are friendly societies in accordance with the *Life Insurance Act 1995*. The funds of LAFS and AULBL and any trusts consolidated by those funds, are treated as benefit funds. These are required to be consolidated for statutory purposes and have a net nil impact on profit and loss. The combined business had Revenue of \$231,108,000, Expenses of \$162,451,000, Insurance finance expenses of \$14,404,000 and income tax of \$54,253,000 for the half-year ended 31 December 2024 (for the half-year ended 31 December 2023: Revenue of \$183,686,000, Expenses of \$119,330,000, Insurance finance expenses of \$19,656,000 and income tax of \$44,700,000).

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Unity Limited
Consolidated balance sheet
As at 31 December 2024

	Notes	31 December 2024 \$'000	30 June 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	877,411	965,568
Trade and other receivables		134,496	162,111
Current tax assets		6,123	6,496
Loans and advances	10	1,789	30,024
Financial assets at fair value through profit or loss	11	3,665,410	3,598,761
Other financial assets at amortised cost		72,574	77,254
Other current assets		41,118	30,856
Assets held for sale	21	1,576,878	-
Total current assets		<u>6,375,799</u>	<u>4,871,070</u>
Non-current assets			
Loans and advances	10	40,671	1,403,295
Financial assets at fair value through profit or loss	11	128,808	161,417
Investments in associates and joint ventures		16,892	16,684
Investment properties	16	2,313,630	2,244,905
Property, plant and equipment		534,105	518,569
Right-of-use assets		89,590	94,381
Intangible assets		624,675	621,421
Other non-current assets		26,032	26,438
Total non-current assets		<u>3,774,403</u>	<u>5,087,110</u>
Total assets		<u>10,150,202</u>	<u>9,958,180</u>
LIABILITIES			
Current liabilities			
Trade and other payables		149,638	175,284
Borrowings	12	5,100	1,615,199
Lease liabilities		26,064	26,388
Provisions	17	89,955	92,455
Other current liabilities	14	2,283,867	2,203,623
Health insurance contract policy liabilities	13(a)	112,835	140,106
Benefit fund insurance contract policy liabilities	13(b)	88,401	83,698
Benefit fund investment contract policy liabilities		325,876	289,581
Liabilities directly associated with the assets held for sale	21	1,585,233	-
Total current liabilities		<u>4,666,969</u>	<u>4,626,334</u>
Non-current liabilities			
Borrowings	12	485,297	467,959
Lease liabilities		83,606	87,415
Deferred tax liabilities		205,109	163,633
Provisions	17	31,008	28,335
Benefit fund insurance contract policy liabilities	13(b)	765,122	780,406
Benefit fund investment contract policy liabilities		2,671,841	2,558,153
Total non-current liabilities		<u>4,241,983</u>	<u>4,085,901</u>
Total liabilities		<u>8,908,952</u>	<u>8,712,235</u>
Net assets		<u>1,241,250</u>	<u>1,245,945</u>
EQUITY			
Members' balances		255,919	255,919
Mutual Capital Instruments	18	458,085	457,038
Reserves		19,595	24,349
Retained earnings		507,651	508,639
Equity attributable to members of Australian Unity Limited		<u>1,241,250</u>	<u>1,245,945</u>
Total equity		<u>1,241,250</u>	<u>1,245,945</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Australian Unity Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Notes	Members' balances \$'000	Mutual Capital Instruments \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023		255,919	342,127	30,035	548,597	1,176,678
Total comprehensive income for the half-year						
Profit for the half-year		-	-	-	1,400	1,400
Other comprehensive income						
- Cash flow hedges		-	-	(7,034)	-	(7,034)
- Post-employment benefits		-	-	(8)	-	(8)
Total comprehensive income		-	-	(7,042)	1,400	(5,642)
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	18	-	-	-	(8,608)	(8,608)
MCI-based payments		-	-	1,303	-	1,303
Subsidiary share option payments		-	-	50	-	50
		-	-	1,353	(8,608)	(7,255)
Balance at 31 December 2023		255,919	342,127	24,346	541,389	1,163,781
Balance at 1 July 2024		255,919	457,038	24,349	508,639	1,245,945
Mutual Capital Instruments costs		-	1,047	-	-	1,047
Total comprehensive income for the half-year						
Profit for the half-year		-	-	-	11,724	11,724
Other comprehensive income						
- Cash flow hedges		-	-	(4,610)	-	(4,610)
- Post-employment benefits		-	-	19	-	19
Total comprehensive income		-	-	(4,591)	11,724	7,133
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	18	-	-	-	(12,712)	(12,712)
MCI-based payments		-	-	(212)	-	(212)
Subsidiary share option payments		-	-	49	-	49
		-	-	(163)	(12,712)	(12,875)
Balance at 31 December 2024		255,919	458,085	19,595	507,651	1,241,250

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

Australian Unity Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Half-year	
	2024	2023
		Restated*
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	867,984	964,705
Payments to suppliers and employees (inclusive of goods and services tax)	(900,951)	(746,731)
Health insurance premiums received	332,267	312,968
Health insurance claims and insurance service expenses paid	(320,541)	(276,674)
Benefit fund investment contracts - contributions received	176,301	135,053
Benefit fund investment contracts - withdrawals	(169,778)	(99,660)
Benefit fund insurance contracts - premiums received	23,058	21,304
Benefit fund insurance contracts - claims and insurance service paid	(43,764)	(39,282)
Net receipts/(payments) of loan assets	8,858	(134,676)
Net receipts of deposits liability	26,162	125,674
Interest received	10,463	7,682
Dividends and distributions received	62,129	10,943
Interest and finance charges paid	(28,604)	(15,366)
Income tax refunds	33	19,825
Net cash inflow from operating activities	43,617	285,765
Cash flows from investing activities		
Payments for business acquisitions, net of cash receipts	-	(30,618)
Payments for investments	(624,599)	(685,320)
Payments for investment properties	(27,081)	(108,129)
Payments for property, plant and equipment	(25,903)	(22,722)
Payments for intangible assets	(11,149)	(15,568)
Receipts from investments	547,010	394,790
Proceeds from sale of business component	-	9,605
Proceeds from sale of investment properties	-	24,069
Proceeds from disposal of property, plant and equipment	-	27
Net cash outflow from investing activities	(141,722)	(433,866)
Cash flows from financing activities		
Receipts from MCI issues, net of issuance costs	1,096	-
Receipts from borrowings	26,948	178,221
Net receipts from refundable lease deposits and resident liabilities	76,316	112,039
Payments of borrowings	(70,214)	(47,258)
Payments of MCI dividend	(12,712)	(8,608)
Payment of lease liabilities	(11,486)	(10,956)
Net cash inflow from financing activities	9,948	223,438
Net increase/(decrease) in cash and cash equivalents	(88,157)	75,337
Cash and cash equivalents at the beginning of the half-year	965,568	1,004,257
Cash and cash equivalents at the end of the half-year	877,411	1,079,594
9		
Cash flows from discontinued operation	12,600	8,588

* Refer to note 21. Comparative information has been reclassified to reflect the impact of a discontinued operation.

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

Notes to the consolidated financial statements

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Basis of preparation of half-year report

The condensed consolidated interim financial statements (interim financial statements) for the half-year reporting period ended 31 December 2024 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Australian Unity Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

1 Material accounting policies

(a) Implementation of new and amended accounting standards which are mandatory for the first time

Where applicable, the Group has adopted new and amended accounting standards which have become mandatory for the first time in the interim reporting period as set out below. The application of these standards has no impact to the amounts reported in the Group's financial statements.

AASB	Title
AASB 2022-05	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements
AASB 2023-3	Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2

(b) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations.

The results of discontinued operations are presented separately in the comparative statement of comprehensive income and statement of cash flows as if the operation had been discontinued from the start of the comparative year in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

(c) Comparative information

To enhance comparability with current year disclosures, certain comparative amounts in the financial statements have been reclassified. Interim financial statements have been reclassified as detailed in note 2. The reclassification relates to inter-segment eliminations and has no impact on the Group's profit or net assets.

In addition, comparative information in this financial report has been re-presented as a result of a discontinued operation during the current period.

(d) Assets and liabilities held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of Australian Unity Limited and the entities it controlled (the Group).

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Executive Committee that are used to make strategic decisions including the allocation of resources and to assess the performance of an operating segment. For management reporting purposes, the Group is organised into four customer-facing business platforms which are Home Health, Retail, Residential Aged Care and Wealth & Capital Markets, and the Corporate Functions. The table below summarises the reportable operating segments.

Home Health	Provision of home care and health services.
Retail	Provision of private health insurance, banking and distribution of general insurance products.
Residential Aged Care	Owns and operates residential aged care facilities.
Wealth & Capital Markets	Management of investment funds in property, mortgages, Australian equities, international equities, fixed interest and bonds, social infrastructure and the provision of trustee services. Owns and operates retirement villages.
Corporate Functions	Provision of shared services, fraternal activities, management of properties and other strategic investments and group liquidity.

2 Segment information (continued)

(b) Segment information

The segment information provided to the Group Executive Committee for the reportable segments for the half-year ended 31 December 2024 is as follows:

Half-year ended 31 December 2024	Home Health \$'000	Retail \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions* \$'000	Total \$'000
Continuing operations						
Revenue from external customers	472,027	359,570	113,552	124,733	1,790	1,071,672
Inter-segment revenue	1,773	(1,773)	-	1,028	(1,028)	-
Total segment revenue	473,800	357,797	113,552	125,761	762	1,071,672
Other income	-	-	-	3,951	-	3,951
Adjusted EBITDA from continuing operations	28,253	31,221	18,696	35,431	(55,552)	58,049
Depreciation and amortisation						(24,696)
Interest expense						(40,526)
Investment income						17,909
Other expenses						(512)
Income tax benefit						2,680
Profit from continuing operations						12,904
Share of profit after tax from joint ventures (included in adjusted EBITDA)						208
Total segment assets include:						
Income producing assets	68,206	436,111	25,933	98,448	171,632	800,330
Working capital assets	74,363	5,391	19,299	381,368	48,887	529,308
Non-interest bearing assets	508,256	11,194	381,133	1,029,410	214,118	2,144,111
Assets held for sale	-	1,576,878	-	-	-	1,576,878
Total segment assets	650,825	2,029,574	426,365	1,509,226	434,637	5,050,627
Total segment liabilities include:						
Borrowings and net inter-segment lending	271,208	14,366	408,601	334,957	229,852	1,258,984
Working capital liabilities	211,035	116,348	26,859	119,177	54,625	528,044
Non-interest bearing liabilities	1,484	19,466	32,013	344,964	39,189	437,116
Liabilities held for Sale	-	1,585,233	-	-	-	1,585,233
Total segment liabilities	483,727	1,735,413	467,473	799,098	323,666	3,809,377

* Corporate Functions costs are recorded centrally and then allocated to individual business units through Shared Services. Shared Services costs are excluded from the Adjusted EBITDA per the definition in note 2(c).

A reconciliation of reportable segment profit or loss is provided as follows:

	31 December 2024 \$'000
Total profit before income tax for reportable segments	8,539
Profit before income tax for other segments	54,253
Elimination of discontinued operation	1,685
Profit before income tax	64,477

2 Segment information (continued)

(b) Segment information (continued)

The segment information provided to the Group Executive Committee for the reportable segments for the half-year ended 31 December 2023 is as follows (noting that the segments have been reclassified to be consistent with those applicable in the half year 2024 financial period):

Half-year ended 31 December 2023 (restated)*	Home Health \$'000	Retail \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions ¹ \$'000	Total \$'000
Continuing operations						
Revenue from external customers	233,793	343,832	101,285	107,534	293	786,737
Inter-segment revenue	972	(972)	-	-	-	-
Total segment revenue	234,765	342,860	101,285	107,534	293	786,737
Adjusted EBITDA from continuing operations	16,049	31,875	19,936	23,988	(47,277)	44,571
Depreciation and amortisation						(25,460)
Interest expense						(33,744)
Investment income						10,740
Other expenses						260
Income tax benefit						4,738
Profit from continuing operations						1,105
Share of loss after tax from joint ventures (included in adjusted EBITDA)						(183)

As at 30 June 2024

Total segment assets include:

Income producing assets	62,922	2,027,963	21,571	120,981	253,214	2,486,651
Working capital assets	96,585	25,015	25,592	50,210	17,105	214,507
Non-interest bearing assets	502,670	10,582	340,305	991,008	180,827	2,025,392
Total segment assets	662,177	2,063,560	387,468	1,162,199	451,146	4,726,550

Total segment liabilities include:

Borrowings and net inter-segment lending	270,140	1,560,341	367,931	309,867	282,660	2,790,939
Working capital liabilities	213,558	161,776	28,455	(172,846)	55,733	286,676
Non-interest bearing liabilities	18,520	18,008	31,652	320,111	14,699	402,990
Total segment liabilities	502,218	1,740,125	428,038	457,132	353,092	3,480,605

* Refer to note 21. Comparative information has been reclassified to reflect the impact of a discontinued operation.

¹ Corporate Functions costs are recorded centrally and then allocated to individual business units through Shared Services. Shared Services costs are excluded from the Adjusted EBITDA per the definition in note 2(c).

A reconciliation of reportable segment profit or loss is provided as follows:

	31 December 2023 Restated \$'000
Total loss before income tax for reportable segments	(5,705)
Profit before income tax for other segments	44,700
Elimination of discontinued operation	2,072
Profit before income tax	41,067

2 Segment information (continued)

(c) Other segment information

Management monthly reports exclude information relating to the benefit funds that are managed by the Group, as the revenues, expenses, assets and liabilities of benefit funds are not attributable to the members of the Group. In accordance with AASB 10 *Consolidated Financial Statements* the revenues, expenses, assets and liabilities of benefit funds managed by the Group are included in the consolidated financial statements.

Management monthly reports present investment property on a net basis with resident liabilities and refundable accommodation deposits of the Aged Care residents. In accordance with AASB 101 *Presentation of Financial Statements*, these items are disclosed on a gross basis within the consolidated financial statements.

Adjusted EBITDA

Management assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of tax, depreciation and amortisation, interest expense and investment income. It also excludes discontinued operations, material non-recurring expenditure and shared services costs.

A reconciliation of adjusted EBITDA to operating profit before income tax from continuing operations is provided as follows:

	Half-year	
	2024	2023
	\$'000	\$'000
Adjusted EBITDA from continuing operations	58,049	44,571
Depreciation and amortisation expense:		
Depreciation and amortisation expense (note 5)	(25,792)	(25,362)
Other	1,096	(98)
	(24,696)	(25,460)
Interest expense		
Finance costs (note 6)	(40,526)	(33,744)
	(40,526)	(33,744)
Investment income:		
Dividend and distribution income (note 4)	10,827	10,321
Loss on investments in financial instruments (note 4)	(3,382)	(7,603)
Other interest income (note 4)	10,464	7,923
Other	-	99
	17,909	10,740
Other income/(expenses):		
Merger and acquisition expenses	(1,360)	(656)
Other	848	916
	(512)	260
Profit/(loss) before income tax and benefit funds from continuing operations attributable to members of Australian Unity Limited (note 20)	10,224	(3,633)
Profit before income tax of benefit funds (note 20)	54,253	44,700
Profit before income tax from continuing operations	64,477	41,067

3 Insurance revenue

The following tables present an analysis of the insurance revenue recognised in the period:

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Half-year ended 31 December 2024			
Contracts not measured under the Premium Allocation Approach (PAA)			
Amounts relating to changes in Liability for Remaining Coverage (LRC)			
- Expected incurred claims and other insurance service expenses	-	1,325	1,325
- Change in risk adjustment for non-financial risk for risk expired	-	7	7
- Contractual Service Margin (CSM) recognised for services provided	-	6,329	6,329
- Others	-	-	-
Recovery of insurance acquisition cash flows	-	-	-
Sub-total	-	7,661	7,661
Management of benefit funds	-	7,028	7,028
Contracts measured under the PAA	358,390	-	358,390
Total insurance revenue	358,390	14,689	373,079
	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Half-year ended 31 December 2023			
Contracts not measured under the PAA			
Amounts relating to changes in LRC			
- Expected incurred claims and other insurance service expenses	-	1,536	1,536
- Change in risk adjustment for non-financial risk for risk expired	-	6	6
- Contractual Service Margin (CSM) recognised for services provided	-	6,046	6,046
- Others	-	-	-
Recovery of insurance acquisition cash flows	-	-	-
Sub-total	-	7,588	7,588
Management of benefit funds	-	6,793	6,793
Contracts measured under the PAA	342,515	-	342,515
Total insurance revenue	342,515	14,381	356,896

4 Other revenue and other income

The Group operates in Australia and generates revenue through its business platforms that operate private health insurance, banking services, retirement communities, aged care facilities, home care services, health services, investment funds management, financial planning, estate planning and trustee services. As the Group operates diverse businesses, it adopts different accounting standards for revenue recognition as applicable to each category of revenue.

The following is other revenue and other income from continuing operations:

	Half-year 2024	2023 Restated
	\$'000	\$'000
Revenue from services		
Residential aged care and home health services, and other fees	414,725	209,993
Government grants and subsidies funding aged care, home care services	154,590	130,365
Management and performance fees revenue	52,572	47,295
Brokerage and commission	3,050	3,451
Healthcare services revenue	27,038	25,944
	651,975	417,048
Investment earnings		
Fair value gains on investment property	40,429	4,628
Dividends and distributions	10,827	10,321
Other interest income	10,464	7,923
Loss on investments in financial instruments	(3,382)	(7,603)
	58,338	15,269
Other income	15,423	14,027
Total other revenue and other income	725,736	446,344
Benefit funds other income	223,447	176,098

Disaggregation of revenue

Disaggregation of revenue from contracts with customers is prepared based on the customer type and contract type for each of the operating segments, as this is considered to depict how the nature, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The majority of the Group's other revenue is fee for service and is recognised over the time when the services are rendered. All other revenue streams are recognised over time as the services are provided.

4 Other revenue and other income (continued)

Disaggregation of revenue from services for each business segment for the half-year ended 31 December 2024 and reconciliation of other revenue and other income to other revenue from external customers in segment reporting are presented in the below table:

Half-year ended 31 December 2024	Home Health \$'000	Retail \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions \$'000	Total \$'000
Revenue from services						
Residential aged care and home health services, retirement living and other fees	353,889	-	48,233	12,603	-	414,725
Government grants and subsidies funding aged care, home care services	89,585	-	65,005	-	-	154,590
Management and performance fees revenue	-	-	-	52,622	(50)	52,572
Brokerage and commission	-	1,180	-	1,870	-	3,050
Healthcare services revenue	27,038	-	-	-	-	27,038
	470,512	1,180	113,238	67,095	(50)	651,975
Investment earnings						
Fair value gains on investment property	-	-	-	40,429	-	40,429
Dividends and distributions	-	8,146	-	407	2,274	10,827
Other interest income	1,388	780	2,966	1,676	3,654	10,464
Gain/(loss) on investments in financial instruments	-	1,831	-	(1,969)	(3,244)	(3,382)
	1,388	10,757	2,966	40,543	2,684	58,338
Benefit funds other income	-	-	-	223,447	-	223,447
Other income	1,535	-	315	12,359	1,214	15,423
Other revenue and other income from continuing operations	473,435	11,937	116,519	343,444	3,848	949,183
Reconciliation to other revenue from external customers in segment reporting						
<i>Items added to/(excluded from) the segment other revenue</i>						
Dividends and distributions	-	(8,146)	-	(407)	(2,274)	(10,827)
Insurance revenue (note 3)	-	358,390	-	7,028	-	365,418
Other investment income	(1,388)	(2,611)	(2,966)	293	(410)	(7,082)
Other income	-	-	-	(3,951)	-	(3,951)
Benefit funds other income	-	-	-	(223,447)	-	(223,447)
Other items included in adjusted EBITDA	(20)	-	(1)	1,773	626	2,378
	(1,408)	347,633	(2,967)	(218,711)	(2,058)	122,489
Other revenue from external customers in segment reporting	472,027	359,570	113,552	124,733	1,790	1,071,672

4 Other revenue and other income (continued)

Half-year ended 31 December 2023 (Restated)	Home Health \$'000	Retail \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions \$'000	Total \$'000
Revenue from services						
Residential aged care and home health services, retirement living and other fees	130,866	-	43,573	35,554	-	209,993
Government grants and subsidies funding aged care, home care services	74,002	-	56,363	-	-	130,365
Management and performance fees revenue	-	-	-	47,452	(157)	47,295
Brokerage and commission	-	1,268	-	2,183	-	3,451
Healthcare services revenue	25,944	-	-	-	-	25,944
	230,812	1,268	99,936	85,189	(157)	417,048
Investment earnings						
Fair value gains on investment property	-	-	-	4,628	-	4,628
Dividends and distributions	-	6,901	-	776	2,644	10,321
Other interest income	2,054	1,010	1,025	1,120	2,714	7,923
Loss on investments in financial instruments	-	(38)	-	(1,218)	(6,347)	(7,603)
	2,054	7,873	1,025	5,306	(989)	15,269
Benefit funds other income	-	-	-	176,098	-	176,098
Other income	2,868	51	1,350	9,325	433	14,027
Other revenue and other income from continuing operations	235,734	9,192	102,311	275,918	(713)	622,442
Reconciliation to other revenue from external customers in segment reporting						
<i>Items added to/(excluded from) the segment other revenue</i>						
Dividends and distributions	-	(6,901)	-	(776)	(2,644)	(10,321)
Insurance revenue (note 3)	-	342,515	-	6,793	-	349,308
Other investment income	(2,054)	(972)	(1,025)	98	3,633	(320)
Benefit funds other income	-	-	-	(176,098)	-	(176,098)
Other items included in adjusted EBITDA	113	(2)	(1)	1,599	17	1,726
	(1,941)	334,640	(1,026)	(168,384)	1,006	164,295
Other revenue from external customers in segment reporting	233,793	343,832	101,285	107,534	293	786,737

5 Expenses, excluding finance costs

(a) Expenses and other expenses, excluding finance costs, from continuing operations classified by nature are as follows:

	Half-year 2024	2023 Restated
	\$'000	\$'000
Client care costs	189,694	41,688
Commission expense	6,412	7,058
Computer and equipment costs	38,036	26,746
Depreciation and amortisation expense	25,792	25,362
Employee benefits expense	403,885	324,953
Expenses in relation to benefit funds	162,451	119,330
Fund manager and administration fees	17,416	10,771
Health insurance claims expense	344,964	324,518
Health insurance claims recoveries - Net Risk Equalisation Special Account	(55,224)	(55,324)
Legal and professional fees	19,780	20,228
Marketing expenses	9,825	8,023
Occupancy costs	19,035	11,261
Other expenses	20,802	19,775
	1,202,868	884,389
<i>Depreciation and amortisation</i>		
Depreciation of property, plant and equipment	10,367	8,110
Depreciation of right-of-use assets	7,013	6,960
Amortisation of intangible assets	8,412	10,292
	25,792	25,362

(b) Expenses and other expenses, excluding finance costs, from continuing operations identified between insurance service expenses and other expenses are as follows:

Insurance service expenses*		
- Health insurance	329,745	319,845
- Management of benefit funds	2,057	1,322
- Benefit funds	8,158	7,972
	339,960	329,139
Other expenses, excluding finance costs	708,615	443,892
Benefit funds other expenses	154,293	111,358
	862,908	555,250
	1,202,868	884,389

* The insurance service expenses include an allocation across the expenses in note 5(a).

6 Finance costs

	Half-year 2024	2023 Restated
	\$'000	\$'000
Interest and finance charges on borrowings	14,837	10,847
Interest on leases and related accounts	25,689	22,897
Other finance costs expensed	40,526	33,744

7 Total investment income and insurance finance income/(expenses) from insurance contracts issued

The tables below present analysis of the total investment income and insurance finance income/(expenses) recognised in profit and loss in the period:

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Half-year ended 31 December 2024			
Insurance finance income/(expenses) from insurance contracts issued recognised in P&L:			
Interest accreted	-	(539)	(539)
Effect of changes in interest rates and other financial assumptions	-	143	143
Effect of changes in fulfillment cash flows (FCFs) at current rate when CSM is unlocked at locked-in rate	-	(3)	(3)
Changes in FCFs and CSM of contracts measured applying the Variable Fee Approach (VFA) due to changes in fair value of underlying items	-	(14,005)	(14,005)
	-	(14,404)	(14,404)
Management of benefit funds	-	(195)	(195)
Total insurance finance expenses from insurance contracts issued (note 13)	-	(14,599)	(14,599)

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Half-year ended 31 December 2023			
Insurance finance income/(expenses) from insurance contracts issued recognised in P&L			
Interest accreted	-	(557)	(557)
Effect of changes in interest rates and other financial assumptions	-	37	37
Effect of changes in fulfillment cash flows (FCFs) at current rate when CSM is unlocked at locked-in rate	-	18	18
Changes in FCFs and CSM of contracts measured applying the Variable Fee Approach (VFA) due to changes in fair value of underlying items	-	(19,154)	(19,154)
	-	(19,656)	(19,656)
Management of benefit funds	-	(299)	(299)
Total insurance finance expenses from insurance contracts issued (note 13)	-	(19,955)	(19,955)

8 Income tax expense

(a) Income tax expense

Half year ended 31 December 2024

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Current tax	8,116	(101)	8,015
Deferred tax	4,111	(45,282)	(41,171)
Adjustments for current tax of prior periods	(9,042)	(8,870)	(17,912)
Income tax benefit/(expense)	<u>3,185</u>	<u>(54,253)</u>	<u>(51,068)</u>

Half year ended 31 December 2023 (Restated)

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Current tax	19,436	2,300	21,736
Deferred tax	(3,727)	(58,418)	(62,145)
Adjustments for current tax of prior periods	(8,604)	11,418	2,814
Income tax benefit/(expense)	<u>7,105</u>	<u>(44,700)</u>	<u>(37,595)</u>

Half year ended 31 December 2024

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Deferred income tax benefit/(expense) included in income tax expense comprises:			
Increase/(decrease) in deferred tax assets	38,405	(4,958)	33,447
Increase in deferred tax liabilities	(34,294)	(40,324)	(74,618)
	<u>4,111</u>	<u>(45,282)</u>	<u>(41,171)</u>
Income tax expense is attributable to:			
Profit from continuing operations	2,680	-	2,680
Profit from benefit funds	-	(54,253)	(54,253)
	<u>2,680</u>	<u>(54,253)</u>	<u>(51,573)</u>
Loss from discontinued operation (note 21)	505	-	505
	<u>3,185</u>	<u>(54,253)</u>	<u>(51,068)</u>

8 Income tax expense (continued)

(a) Income tax expense (continued)

Half year ended 31 December 2023 (Restated)

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Deferred income tax benefit/(expense) included in income tax expense comprises:			
Increase/(decrease) in deferred tax assets	1,278	(39,308)	(38,030)
Increase in deferred tax liabilities	(5,005)	(19,110)	(24,115)
	<u>(3,727)</u>	<u>(58,418)</u>	<u>(62,145)</u>
Income tax benefit/(expense) is attributable to:			
Loss from continuing operations	4,738	-	4,738
Profit from benefit funds	-	(44,700)	(44,700)
	<u>4,738</u>	<u>(44,700)</u>	<u>(39,962)</u>
Loss from discontinued operation	2,367	-	2,367
	<u>7,105</u>	<u>(44,700)</u>	<u>(37,595)</u>

(b) Reconciliation of income tax expense to prima facie tax payable

Half year ended 31 December 2024

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Profit before income tax from continuing operations	10,224	54,253	64,477
Less: Profit in benefit funds	-	(54,253)	(54,253)
Profit before income tax and benefit funds	<u>10,224</u>	<u>-</u>	<u>10,224</u>
Loss before income tax from discontinued operation	(1,685)	-	(1,685)
Profit before income tax for the period	<u>8,539</u>	<u>-</u>	<u>8,539</u>
Tax at the Australian tax rate of 30% (2023: 30%)	(2,562)	-	(2,562)
Non-assessable income	4,461	-	4,461
Non-deductible expenditure	(1,223)	-	(1,223)
Other deductible expenditure	3,598	-	3,598
Under provision in prior years	(1,103)	-	(1,103)
Tax in benefit funds	-	(54,253)	(54,253)
Other	14	-	14
Income tax benefit/(expense)	<u>3,185</u>	<u>(54,253)</u>	<u>(51,068)</u>

8 Income tax expense (continued)

(b) Reconciliation of income tax expense to prima facie tax payable (continued)

Half year ended 31 December 2023 (Restated)

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Profit/(loss) before income tax from continuing operations	(3,633)	44,700	41,067
Less: Profit in benefit funds	-	(44,700)	(44,700)
Loss before income tax and benefit funds	(3,633)	-	(3,633)
Loss before income tax from discontinued operation	(2,072)	-	(2,072)
Loss before income tax for the period	(5,705)	-	(5,705)
Tax at the Australian tax rate of 30% (2023: 30%)	1,712	-	1,712
Non-assessable income	9,795	-	9,795
Other assessable amounts	(2)	-	(2)
Non-deductible expenditure	(3,829)	-	(3,829)
Other deductible expenditure	765	-	765
Other deferred tax adjustments	(1,336)	-	(1,336)
Tax in benefit funds	-	(44,700)	(44,700)
Income tax benefit/(expense)	7,105	(44,700)	(37,595)

The income tax results for the six months to 31 December 2024 and the comparative period included favourable non-temporary differences arising from the Group's retirement community loans received from village residents which is non-assessable for tax purposes.

Financial assets and liabilities

9 Financial assets - Cash and cash equivalents

	31 December 2024 \$'000	30 June 2024 \$'000
Cash at bank and on hand	15	25
Bank balances	126,145	126,934
Deposits at call	175,542	167,641
Cash equivalents held in the form of investment trusts*	575,709	670,968
	877,411	965,568

*Includes investment trusts which have investment policy that invests in short term, highly liquid assets that readily supports conversion to cash.

The balance of cash and cash equivalents as at 31 December 2024 included the Parent Entity's accounts totalling \$92,243,000 (30 June 2024: \$166,819,000) and amounts held by benefit funds totalling \$348,120,000 (30 June 2024: \$319,850,000).

10 Financial assets - Loans and advances

Financial assets - loans and advances related to the transfer of the bank have been classified as held-for-sale and are not included in the table below (see note 21). Their carrying amount is a reasonable approximation of fair value.

	31 December 2024 \$'000	30 June 2024 \$'000
Current		
Mortgage loans	-	28,196
Trail commissions	1,789	1,798
Personal loans	-	3,948
Provision for impairment	-	(3,918)
Total - current	1,789	30,024
Non-current		
Mortgage loans	-	1,355,697
Trail commissions	3,612	3,928
Personal loans	-	5,631
Loans to policy holders	33,979	37,010
Advances	3,080	1,143
Provision for impairment	-	(114)
Total - non-current	40,671	1,403,295
Total loans and advances	42,460	1,433,319

11 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss classified as held-for-sale are not included in the table below (see note 21). Their carrying amount is a reasonable approximation of fair value.

Financial assets at fair value through profit or loss consist of the following:

	31 December 2024 \$'000	30 June 2024 \$'000
Securities held by benefit funds	3,513,553	3,310,135
Securities held by subsidiaries	280,665	450,043
	3,794,218	3,760,178

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the profit or loss.

(a) Securities held by benefit funds comprise the following:

	31 December 2024 \$'000	30 June 2024 \$'000
Equity trusts	2,895,283	2,636,372
Fixed interest and other debt security trusts	529,781	584,832
Mortgage trusts	23,045	24,332
Property syndicates and trusts	65,444	64,599
	3,513,553	3,310,135

11 Financial assets at fair value through profit or loss (continued)

(b) Securities held by subsidiaries comprise the following:

	31 December 2024 \$'000	30 June 2024 \$'000
Equity trusts	15,559	30,220
Fixed interest and other debt security trusts	88,454	253,343
Property syndicates and trusts	176,652	166,480
	280,665	450,043

(c) Current and non-current split

The carrying amounts of the above financial assets have been designated at fair value on initial recognition and are classified as follows:

	31 December 2024 \$'000	30 June 2024 \$'000
Current		
Securities held by benefit funds	3,511,036	3,292,041
Securities held by subsidiaries	154,374	306,720
	3,665,410	3,598,761
Non-current		
Securities held by benefit funds	2,517	18,094
Securities held by subsidiaries	126,291	143,323
	128,808	161,417
	3,794,218	3,760,178

12 Financial liabilities - Borrowings

Financial liabilities classified as held-for-sale are not included in the table below (see note 21). Their carrying amount is a reasonable approximation of fair value.

	31 December 2024 \$'000	30 June 2024 \$'000
Current		
<u>Secured interest bearing liabilities</u>		
Retirement Village Investment Notes	-	18,401
Total secured interest bearing liabilities	-	18,401
 Series C Australian Unity Bonds		
Face value	-	32,116
Valuation at amortised cost	-	(1,179)
At amortised cost	-	30,937
<u>Unsecured interest bearing liabilities</u>		
Call deposits	-	876,191
Loan payable to related entity	5,100	5,100
Mortgage offset savings accounts	-	172,802
Negotiable certificates of deposit	-	55,416
Term deposits	-	436,655
Bank Loans	-	19,697
Total unsecured interest bearing liabilities	5,100	1,565,861
 Total current borrowings	5,100	1,615,199

12 Financial liabilities - Borrowings (continued)

Non-current

Unsecured interest bearing liabilities

Series D Australian Unity Bonds

Face value	207,000	207,000
Unamortised borrowing costs	(955)	(1,968)
At amortised cost	<u>206,045</u>	<u>205,032</u>

Series E Australian Unity Bonds

Face value	255,805	255,805
Unamortised borrowing costs	(4,132)	(2,772)
At amortised cost	<u>251,673</u>	<u>253,033</u>

Bank loans	27,579	631
Term deposits	-	9,263
Total unsecured interest bearing liabilities	<u>485,297</u>	<u>467,959</u>

Total non-current borrowings	<u>485,297</u>	<u>467,959</u>
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Total borrowings	<u>490,397</u>	<u>2,083,158</u>
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(a) Series C and Series D Australian Unity Bonds

As of 31 December 2024, the Series C Australian Unity Bonds, which matured on 15 December 2024, were delisted from the Australian Securities Exchange (code: AYUHC) at the close of trading on 17 December 2024. The Series D Australian Unity Bonds, with a maturity date of 15 December 2026, remain listed on the Australian Securities Exchange (code: AYUHD). Interest on the Series D bonds is based on the three-month BBSW rate plus a 2.15% margin per annum, with payments made quarterly in arrears on 14 January, 14 April, 14 July, and 14 October each year.

Under the terms of the Series D Australian Unity Bonds, the Company is required to maintain a Covenant Gearing Ratio of less than 50% as of 30 June and 31 December each year. The Covenant Gearing Ratio represents the aggregate of interest-bearing liabilities and guarantees divided by the aggregate of interest-bearing liabilities and guarantees plus total equity. The ratio is calculated based on the Group's financial position, excluding its authorised deposit-taking institution and benefit funds. Interest-bearing liabilities and guarantees are further reduced by lease liabilities and the Company's unencumbered cash and cash equivalents. Junior Ranking Obligations, if any, reduce interest-bearing liabilities and guarantees but increase total equity in the calculation. Junior Ranking Obligations refer to equity or subordinated debt that would rank behind the Company's obligations under the Series D bonds in a winding-up scenario. As at 31 December 2024, the Covenant Gearing Ratio was 29% (30 June 2024: 29%).

(b) Series E Australian Unity Bonds

On 28 November 2023, the Company issued 2,558,050 Series E Australian Unity Bonds - Tranche 1, raising a total of \$255,805,000. The bonds are unsubordinated and unsecured corporate bonds, listed on the Australian Securities Exchange (code: AYUHE). The Series E bonds have a five-year term, maturing on 15 December 2028, and bear interest at the three-month BBSW rate plus a 2.5% margin per annum. Interest is payable quarterly in arrears on 14 January, 14 April, 14 July, and 14 October each year. The net proceeds from the issuance of the Series E bonds (after deducting issuance costs) were used to refinance the Series C Australian Unity Bonds participating in the reinvestment offer and for general corporate purposes.

Under the terms of the Series E Australian Unity Bonds, the Company is required to maintain a Covenant Gearing Ratio of less than 50% as of 30 June and 31 December each year. The Covenant Gearing Ratio represents the aggregate of interest-bearing liabilities and guarantees divided by the aggregate of interest-bearing liabilities and guarantees plus total equity. The ratio is calculated based on the Group's financial position, excluding the Group's authorised deposit-taking institution and benefit funds. Interest-bearing liabilities and guarantees are further reduced by lease liabilities and the Company's unencumbered cash and cash equivalents. Junior Ranking Obligations, if any, reduce interest-bearing liabilities and guarantees but increase total equity in the calculation. Junior Ranking Obligations refer to equity or subordinated debt of the Company that would, in a winding-up situation, rank behind the Company's obligations under the Series E bonds. As at 31 December 2024, the Covenant Gearing Ratio was 29% (30 June 2024: 29%).

12 Financial liabilities - Borrowings (continued)

(c) Retirement Village Investment Notes (RVIN)

RVIN are debt instruments issued by a subsidiary of the Group with proceeds used to expand the Retirement Communities and Aged Care businesses and general corporate purposes. The RVIN are secured by a registered first ranking security interest over intra-group loans in relation to the RVIN proceeds and the mortgages, granted as security for the loans, over allotments of units held in Australian Unity Retirement Village Trust #1.

Australian Unity Retirement Village Trust #1 (AURVT#1) comprises three retirement villages - Willandra Village and Willandra Bungalows in New South Wales and Walmsley Friendship Village in Victoria. The Group does not hold any security over these retirement village assets nor any other assets of AURVT#1 or other subsidiary entities of the Group.

As of 31 December 2024, the remaining RVIN matured on 30 November 2024 (30 June 2024: RVIN of \$18,401,000 at 4.95% interest rate).

(d) Bank loan

Bank loan reported under non-current borrowings of \$26,948,000 as at 31 December 2024 (30 June 2024: current borrowings of \$19,697,000) represented a loan facility for general corporate purposes. These loans bear interest at BBSY bid rate plus margin. As at 31 December 2024, the interest rates was 6.22% (30 June 2024: 6.25%).

13 Insurance contract policy liabilities

(a) Health insurance contract policy liabilities

Health insurance contracts issued

The following table shows the reconciliation from the opening to the closing balances of the net Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC):

	LRC		LIC		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
31 December 2024	\$'000	\$'000	\$'000	\$'000	\$'000
Opening policy liabilities	75,095	4,538	54,652	5,821	140,106
Net opening balance	75,095	4,538	54,652	5,821	140,106
Changes in the statement of comprehensive income					
Insurance revenue	(358,390)	-	-	-	(358,390)
Insurance service expenses					
Incurred claims and other expenses	-	-	330,231	-	330,231
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(2,022)	-	-	(2,022)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	1,651	(115)	1,536
Insurance service result	(358,390)	(2,022)	331,882	(115)	(28,645)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(358,390)	(2,022)	331,882	(115)	(28,645)
Cash flows					
Premiums received	332,267	-	-	-	332,267
Claims and other insurance service expenses paid	-	-	(320,541)	-	(320,541)
Total cash flows	332,267	-	(320,541)	-	11,726

13 Insurance contract policy liabilities (continued)

(a) Health insurance contract policy liabilities (continued)

	LRC		LIC		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
31 December 2024	\$'000	\$'000	\$'000	\$'000	\$'000
Other movements in the net balance	-	-	(10,352)	-	(10,352)
Closing policy liabilities	48,972	2,516	55,641	5,706	112,835
Net closing balance	48,972	2,516	55,641	5,706	112,835

	LRC		LIC		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000
Opening policy liabilities	75,145	4,843	51,238	5,942	137,168
Net opening balance	75,145	4,843	51,238	5,942	137,168
Changes in the statement of comprehensive income					
Insurance revenue	(690,536)	-	-	-	(690,536)
Insurance service expenses					
Incurred claims and other expenses	-	-	644,632	-	644,632
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(305)	-	-	(305)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	3,528	(121)	3,407
Insurance service result	(690,536)	(305)	648,160	(121)	(42,802)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(690,536)	(305)	648,160	(121)	(42,802)
Cash flows					
Premiums received	690,486	-	-	-	690,486
Claims and other insurance service expenses paid	-	-	(650,428)	-	(650,428)
Total cash flows	690,486	-	(650,428)	-	40,058
Other movements in the net balance	-	-	5,682	-	5,682
Closing policy liabilities	75,095	4,538	54,652	5,821	140,106
Net closing balance	75,095	4,538	54,652	5,821	140,106

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities

Insurance contracts issued

(i) The following table shows the reconciliation from the opening to the closing balances of the net Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC):

	LRC	LIC	
	Excluding loss component \$'000	Loss component \$'000	Total \$'000
31 December 2024			
Opening policy liabilities	854,020	-	10,084
Net opening balance	854,020	-	10,084
Policy liabilities acquired on business combination	-	-	-
Changes in the statement of comprehensive income			
Insurance revenue			
Contracts under the fair value transition approach	(7,402)	-	-
Insurance service expenses			
Incurred claims and other expenses	1,938	-	659
Adjustments to LIC	-	-	331
Losses and reversals of losses on onerous contracts	-	-	-
Insurance service result	(5,464)	-	990
Insurance finance expense from contracts issued	14,599	-	-
Sub-total	9,135	-	990
Investment components excluded from insurance revenue and insurance service expenses	(40,933)	-	40,933
Cash flows			
Premiums received (including investment components)	23,058	-	-
Insurance acquisition cash flows paid	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(2,172)	-	(41,592)
Total cash flows	20,886	-	(41,592)
Closing policy liabilities	843,108	-	10,415
Net closing balance	843,108	-	10,415

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

	LRC		LIC	
	Excluding loss component \$'000	Loss component \$'000	\$'000	Total \$'000
30 June 2024				
Opening policy liabilities	753,324	-	9,296	762,620
Net opening balance	<u>753,324</u>	<u>-</u>	<u>9,296</u>	<u>762,620</u>
Policy liabilities acquired on business combination	138,960	-	-	138,960
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value transition approach	(15,118)	-	-	(15,118)
Insurance service expenses				
Incurred claims and other expenses	3,828	-	622	4,450
Adjustments to LIC	-	-	788	788
Losses and reversals of losses on onerous contracts	-	-	-	-
Insurance service result	<u>(11,290)</u>	<u>-</u>	<u>1,410</u>	<u>(9,880)</u>
Insurance finance expense from contracts issued	24,663	-	-	24,663
Sub-total	<u>13,373</u>	<u>-</u>	<u>1,410</u>	<u>14,783</u>
Investment components excluded from insurance revenue and insurance service expenses	(88,430)	-	88,430	-
Cash flows				
Premiums received (including investment components)	40,621	-	-	40,621
Insurance acquisition cash flows paid	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(3,828)	-	(89,052)	(92,880)
Total cash flows	<u>36,793</u>	<u>-</u>	<u>(89,052)</u>	<u>(52,259)</u>
Closing policy liabilities	854,020	-	10,084	864,104
Net closing balance	<u>854,020</u>	<u>-</u>	<u>10,084</u>	<u>864,104</u>

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

(ii) The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

	Estimate of present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	Contract Service Margin (CSM) Contracts under fair value approach \$'000	Total \$'000
31 December 2024				
Opening policy liabilities	860,392	316	3,396	864,104
Net opening balance	860,392	316	3,396	864,104
Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(4,150)	-	(6,417)	(10,567)
Adjustment to loss recovery component	-	(9)	-	(9)
Experience adjustments	(551)	-	6,322	5,771
Changes that relate to future service				
Changes in estimates that adjust the CSM	119	51	(170)	-
Changes that relate to past service				
Adjustments to LIC	331	-	-	331
Insurance service result	(4,251)	42	(265)	(4,474)
Insurance finance expense from contracts issued	14,342	-	257	14,599
Sub-total	10,091	42	(8)	10,125
Cash flows				
Premiums received (including investment components)	23,058	-	-	23,058
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(43,764)	-	-	(43,764)
Total cash flows	(20,706)	-	-	(20,706)
Closing policy liabilities	849,777	358	3,388	853,523
Net closing balance	849,777	358	3,388	853,523

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

	Estimate of present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	Contract Service Margin (CSM) Contracts under fair value approach \$'000	Total \$'000
30 June 2024				
Opening policy liabilities	758,671	310	3,639	762,620
Net opening balance	758,671	310	3,639	762,620
 Policy liabilities acquired on business combination	 138,960	 -	 -	 138,960
 Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(8,572)	-	(12,442)	(21,014)
Adjustment to loss recovery component	-	(18)	-	(18)
Experience adjustments	(1,998)	-	12,354	10,356
Changes that relate to future service				
Changes in estimates that adjust the CSM	425	24	(441)	8
Changes that relate to past service				
Adjustments to LIC	788	-	-	788
Insurance service result	(9,357)	6	(529)	(9,880)
 Insurance finance expense from contracts issued	 24,377	 -	 286	 24,663
Sub-total	15,020	6	(243)	14,783
 Cash flows				
Premiums received (including investment components)	40,621	-	-	40,621
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(92,880)	-	-	(92,880)
Total cash flows	(52,259)	-	-	(52,259)
 Closing policy liabilities	 860,392	 316	 3,396	 864,104
Net closing balance	860,392	316	3,396	864,104

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

(iii) The following table provides an analysis of insurance contracts initially recognised in the period:

31 December 2024	Contract issued		Acquired contracts	
	Profitable contracts	Onerous contracts	Profitable contracts	Onerous contracts
	\$'000	\$'000	\$'000	\$'000
Estimates of present value of cash outflows				
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses payable	-	-	-	-
Estimates of present value of cash inflows	15,171	-	-	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
	15,171	-	-	-
30 June 2024	Contract issued		Acquired contracts	
	Profitable contracts	Onerous contracts	Profitable contracts	Onerous contracts
	\$'000	\$'000	\$'000	\$'000
Estimates of present value of cash outflows				
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses payable	-	-	-	-
Estimates of present value of cash inflows	28,356	-	138,960	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
	28,356	-	138,960	-

14 Other current liabilities

	31 December 2024	30 June 2024
	\$'000	\$'000
Financial liabilities		
Refundable accommodation deposits	600,488	547,692
Resident loan liabilities	1,469,728	1,446,208
	2,070,216	1,993,900
Non-financial liabilities		
Unearned income	124,264	124,445
Other	89,387	85,278
	213,651	209,723
Total other current liabilities	2,283,867	2,203,623

(a) Unearned income

Unearned income represents government subsidies and deferred management fees in Retirement Villages not yet recognised in the profit or loss.

14 Other current liabilities (continued)

(b) Refundable accommodation deposits

Refundable accommodation deposits represent payments received from the residents of residential aged care facilities as upfront deposits for their aged care accommodation. Residents have the ability to pay the deposits up to six months after moving into an aged care facility. These deposits are non-interest bearing and are repayable within 14 days of a resident's departure from the facility or within 14 days of the granting of probate. Regulations restrict the permitted use of the accommodation deposits to repayment of accommodation deposit balances, capital expenditures of residential aged care facilities and investments in qualified financial products.

(c) Resident loan liabilities

Resident loan liabilities relate to residents who occupy retirement villages (refer to investment properties in note 16). These liabilities represent the estimated amount owing to the residents, comprising the initial ingoing contribution plus resident's share of capital gains less accrued deferred management and other fees. Resident loan liabilities are repayable at the earlier of a subsequent resident leasing the unit or a maximum repayment date. The maximum repayment date can vary between agreements.

(d) Fair value

Due to the short term nature of these other current liabilities, their carrying value is assumed to approximate their fair value.

15 Fair value measurements

(a) Recognised fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Derivative financial instruments
- Investment properties
- Life investment contract policy liabilities

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2024.

(i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements according to the following hierarchy:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024 on a recurring basis:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2024				
<i>Recurring fair value measurement</i>				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	7,526	2,903,315	-	2,910,841
Fixed interest and other debt security trusts	-	618,235	-	618,235
Mortgage trusts	-	23,045	-	23,045
Property syndicates and trusts	9,476	232,620	-	242,096
Interest rate swaps	-	10,831	-	10,831
Other financial assets	-	-	6,894	6,894
Total financial assets	17,002	3,788,046	6,894	3,811,942

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-financial assets				
Investment properties	-	-	2,313,630	2,313,630
Total non-financial assets	-	-	2,313,630	2,313,630
Financial liabilities				
Life investment contract policy liabilities	-	-	3,861,907	3,861,907
Resident loan liabilities	-	-	1,537,420	1,537,420
Total financial liabilities	-	-	5,399,327	5,399,327
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000

30 June 2024

Recurring fair value measurement

Financial assets

Financial assets at fair value through profit or loss

Equity trusts	7,368	2,687,729	-	2,695,097
Fixed interest and other debt security trusts	-	839,524	-	839,524
Mortgage trusts	-	24,332	-	24,332
Property syndicates and trusts	13,389	217,821	-	231,210
Interest rate swaps	-	17,417	-	17,417
Other financial assets	-	-	6,875	6,875
Total financial assets	20,757	3,786,823	6,875	3,814,455

Non-financial assets

Investment properties	-	-	2,244,905	2,244,905
Total non-financial assets	-	-	2,244,905	2,244,905

Financial liabilities

Life investment contract policy liabilities	-	2,847,734	-	2,847,734
Resident loan liabilities	-	-	1,446,208	1,446,208
Total financial liabilities	-	2,847,734	1,446,208	4,293,942

The majority of the financial assets at fair value through profit or loss are held through unlisted managed investment schemes. These unlisted managed investment schemes also hold investments from external investors.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for the recurring fair value measurements during the year. The transfers in and out of level 3 measurements are summarised in note (iii) below.

(ii) Valuation techniques used to derive level 2 and level 3 fair values

Financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

(ii) Valuation techniques used to derive level 2 and level 3 fair values (continued)

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which are included in level 3 as disclosed in section (iii) below.

Investment properties

Investment properties comprise the Group's interests in retirement village independent living units, development sites and other non-owner occupied investment properties.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations. The directors determine a property's value using a reasonable fair value estimate as applicable to each type of investment property. Retirement village development sites are recognised at fair value, while other development sites are recognised at cost.

Fair value for retirement villages is determined using a financial model which calculates the net present value of future cash flows. The major inputs used in the financial models include:

- current prices in an active market for properties of a similar nature;
- resident turnover rates based on business experience, including the expected average length of residence based on mortality assumptions and voluntary turnover, average incoming ages and distributions;
- property growth rates based on analysis of property markets, historical experience and retirement village outlook; and
- discount rates appropriately set based on the view of risk and by reference to market transactions and conditions.

Fair value of other non-owner occupied property is based on periodic, but at least triennial, valuations by external accredited independent valuers.

All of the resulting fair value estimates of the investment properties are included in level 3 as explained in section (iii) below.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 assets for the half-year ended 31 December 2024:

	Other financial assets \$'000	Investment properties \$'000	Total \$'000
Opening balance 1 July 2023	6,893	2,024,336	2,031,229
Additions	-	91,081	91,081
Commercial property rent received in advance movements	-	1,066	1,066
Net fair value movements	(18)	46,807	46,789
Other	-	81,615	81,615
Closing balance 30 June 2024	6,875	2,244,905	2,251,780
Opening balance 1 July 2024	6,875	2,244,905	2,251,780
Additions	-	27,081	27,081
Commercial property rent received in advance movements	-	533	533
Net fair value movements	19	40,429	40,448
Other	-	682	682
Closing balance 31 December 2024	6,894	2,313,630	2,320,524

Investment properties valuation inputs and relationships to fair value

Due to the current economic climate there is a degree of uncertainty in the inputs used in investment property valuation. While demand for retirement village properties may fluctuate in the short-term, the Group continues to expect long term demand to be strong commensurate with the growth in the aging population. The valuation has been determined based on the available information at 31 December 2024 and other relevant information arising since then. The Group has a recent independent assessment on the key assumptions used in the property valuation.

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Given the current volatility in the market and uncertainty around economic recovery, it is possible that after the reporting date there will be movements in the key inputs and assumptions. A protracted economic recovery may cause a reduction in demand and market value. To assess the exposure of the carrying value to fair value movements as a result of changes in the economic environment, sensitivity analyses have been performed based on reasonably probable scenarios on the changes of key valuation inputs. While it is unlikely that these inputs would move in isolation, the sensitivities have been prepared to measure the impact of changes in each key valuation input independently.

Valuation inputs and relationships to fair value

The following table summarises the key inputs used in fair value measurements and the impact of changes in each input:

Description	Fair value at 31 December 2024 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties, excluding non-retirement village development sites	\$2,082,242	Discount rate	12.75% - 14.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -\$25.4 million/+\$28.1 million.
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +\$46.5 million/ -\$45.8 million.
		Average length of residents' stay	6-8 years for serviced apartments, 5-16 years for other independent living units	The higher the average length of stay, the lower the fair value.

Description	Fair value at 30 June 2024 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties, excluding non-retirement village development sites	\$2,044,486	Discount rate	12.75% - 14.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -\$26.9 million/+\$29.7 million
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +\$51.6 million/ -\$44.4 million
		Average length of residents' stay	6-8 years for serviced apartments, 5-16 years for other independent living units	The higher the average length of stay, the lower the fair value.

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Valuation processes

The Group's Wealth & Capital Markets platform includes a team that performs the valuations of the retirement village independent living units required for financial reporting purposes, including level 3 fair values. This team reports valuation recommendations to the CEO Wealth & Capital Markets, the Chief Financial Officer and the Audit Committee. Discussions of valuation processes and results are held between the valuation team, the Audit Committee, the Chief Financial Officer and the CEO Wealth & Capital Markets every six months in line with the Group's half-yearly reporting timelines. The results of the valuations are subject to audit or review every six months. The valuation method used in determining the fair value of these investment properties is drawn upon an actuarial model for property valuation. The main level 3 inputs used in measuring the fair value of investment properties, which include resident turnover rates, property growth rates and discount rates, are estimated by management based on comparable transactions and industry data. The key assumptions used in the valuation are reviewed by an independent qualified valuer on a yearly basis. The results of the actuarial property valuation model are monitored via a regular cycle of periodic external valuations by independent accredited valuers.

(b) Disclosed fair values

The Group also has a number of financial instruments which are not measured at fair value on the balance sheet. As at the end of the reporting period, those which fair values differ from their amortised cost are as follows:

	31 December 2024		30 June 2024	
	Amortised cost \$'000	Fair value \$'000	Amortised cost \$'000	Fair value \$'000
Current and non-current assets				
Mortgage loans	-	-	1,391,312	1,391,149
Advances	1,080	819	1,143	889
Personal loans	-	-	9,578	9,578
	1,080	819	1,402,033	1,401,616
Current and non-current liabilities				
Australian Unity Bonds	457,718	474,619	489,002	499,180
Bank loans	27,579	27,282	20,328	20,050
Retirement Village Investment Notes	-	-	18,401	18,115
Term deposits	-	-	455,918	445,659
	485,297	501,901	983,649	983,004

The fair values of loans, advances and borrowings disclosed above are estimated by discounting the future contractual cash flows at the current applicable market interest rate.

Non-financial assets and liabilities

16 Non-financial assets - Investment properties

Investment properties consist of the Group's interests in retirement village independent living units and development sites as specified below. The development sites are held within the development entities. Upon completion of the development and the required occupancy targets being met, a number of the development sites will be sold to retirement village operators.

	31 December 2024 \$'000	30 June 2024 \$'000
Retirement village independent living units	2,082,242	2,044,486
Development sites	168,036	197,204
Commercial property measured at fair value	100,501	40,897
Commercial property rent received in advance*	(37,149)	(37,682)
	<u>2,313,630</u>	<u>2,244,905</u>

* Commercial property rent received in advance relates to receipts in the 2021 financial year for the full term of a lease expiring in 2059. The unwinding of the balance is recorded over the term of the lease.

(a) Movements of investment properties

	31 December 2024 \$'000	30 June 2024 \$'000
At fair value		
Balance at the beginning of the year	2,244,905	2,024,336
Additions	27,081	91,081
Commercial property rent received in advance movements	533	1,066
Net fair value movements ⁽¹⁾	40,429	46,807
Other	682	81,615
Balance at the end of the period	<u>2,313,630</u>	<u>2,244,905</u>

(b) Amounts recognised in profit or loss for investment properties

	Half-year 2024 \$'000	2023 \$'000
Revenue ⁽²⁾	17,024	46,500
Expenses ⁽³⁾	(25,042)	(33,427)
Changes in fair value recognised in profit or loss	40,429	4,628
	<u>32,411</u>	<u>17,701</u>

⁽¹⁾ Changes in fair value gains or loss on investment property are detailed in note 4.

⁽²⁾ Revenue includes deferred management fee lease income and rental income from investment properties, which is detailed as Other revenue and other income in note 4.

⁽³⁾ Expenses from investment properties are detailed as Expenses, excluding finance costs in note 5.

17 Non-financial liabilities - Provisions

	31 December 2024 \$'000	30 June 2024 \$'000
Current provisions		
Employee benefits provision	68,995	73,616
Self insurance provision	7,113	6,448
Other provisions	13,847	12,391
	89,955	92,455
Non-current provisions		
Employee benefits	6,856	6,787
Self insurance	20,035	17,126
Other provisions	4,117	4,422
	31,008	28,335
Total provisions	120,963	120,790

18 Mutual Capital Instruments

Mutual Capital Instruments (MCI) were introduced under the *Treasury Laws Amendment (Mutual Reforms) Act 2019* to allow mutual entities, such as Australian Unity Limited, to access permanent capital while maintaining their mutual status. MCI are presented on the balance sheet at their carrying amount, after deducting directly attributable transaction issuance costs and any income tax benefit, in accordance with AASB 132 *Financial Instruments: Presentation*.

Australian Unity has issued the following MCI:

- 24 December 2020: 1,200,000 MCI at \$100 each, raising \$120 million.
- 3 November 2021: 2,234,000 MCI at \$103 each, raising \$230 million.
- 28 June 2024: 1,636,950 MCI at \$72.50 each, raising \$118.7 million.

The proceeds from these issuances support various growth opportunities within the Group and have been used to repay debt facilities and support strategic investments in social infrastructure.

MCI are perpetual, fully paid, and listed on the Australian Securities Exchange (code: AYUPA). They offer discretionary, non-cumulative fixed-rate dividends of 5% per annum, paid semi-annually (on 15 April and 15 October). During the first half of 2025 financial year, the Company paid a fully franked dividend of \$2.5068 per MCI, totaling \$12.7 million (2024: \$8.6 million).

Australian Unity has the right to repurchase MCI under specific conditions, including tax, regulatory, or demutualisation events. In the event of a winding-up, MCI holders rank behind all creditors, including holders of Australian Unity Bonds, but ahead of non-shareholder members.

MCI Long Term Variable Compensation (LTVC) scheme

The MCI LTVC scheme grants senior executives rights to deferred MCI, which convert to MCI at the vesting date, provided vesting conditions are met. These rights do not carry dividend rights prior to vesting but may entitle executives to a dividend equivalent at the vesting date. If an executive's employment ends during the vesting period, the rights may be forfeited, except in cases of redundancy or retirement.

Group structure

This section provides information that will help users understand how the Group structure affects the financial position and performance of the Group as a whole.

19 Business combination

(a) Acquisition of myHomecare group (MHC)

In the previous financial year, the Group completed its acquisition of all the shares of the Enrich Health Group Pty Ltd. The Group agreed to pay \$278 million on a debt and cash free basis, with the amount subject to adjustments in accordance with the purchase agreement. The purchase price to be paid is \$138 million of which \$88 million paid at completion (as adjusted), with two additional payments of \$25 million each due 9 months and 18 months after completion. An additional contingent amount of up to \$20 million is payable 12 months after completion.

The acquisition is in line with the Group's strategic priority to provide innovative products and services that meet the health and financial wellbeing needs of our members and customers.

Details of the purchase consideration, net assets acquired and goodwill recognised in the provisional accounting for the business combination are as follows:

	\$'000
Provisional purchase consideration	
Cash payments paid or payable (adjusted)*	138,485
Contingent amount payable (maximum)	20,000
Total	<u>158,485</u>
Provisional net assets acquired based on the provisional fair value at the date of acquisition:	
Cash and cash equivalents	7,930
Trade and other receivables	33,374
Other assets	18,280
Trade and other payables	(4,808)
Other liabilities (adjusted)*	<u>(159,915)</u>
	(105,139)
Provisional goodwill on acquisition	<u>263,624</u>
	<u>158,485</u>

* The provisional balances include acquisition related adjustments made since last year end under the sale and purchase agreement.

At the date of this report, the purchase price allocation accounting under AASB 3 *Business Combinations*, which requires the measurement of acquisition-date fair value of the acquired assets and liabilities, and the determination of identifiable intangible assets and goodwill arising from the acquisition has not been finalised. The goodwill component, once finalised, will be related to the value of expected synergy benefits from the business combination, customer relationships, workforce and other items that do not qualify to be separately recognised.

Cash flows in relation to the business acquisition consist of payments for the acquisition price of \$95,724,000 and costs directly related to the acquisition of \$5,081,000, less cash acquired of \$7,930,000. Acquisition-related costs of \$5,081,000 were expensed in the year ended 30 June 2024. These acquisition-related costs are recognised in the other expenses, excluding finance costs caption on the consolidated statement of comprehensive income. The acquired business is in the process of integration to the Group's Home Health business platform. It has contributed revenue of \$230,150,000 and net profit of \$11,781,000 for the half year ended 31 December 2024.

20 Reconciliation of profit attributable to members of Australian Unity Limited

Half-year ended 31 December 2024

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Consolidated Profit or Loss \$'000
Insurance revenue	365,418	7,661	373,079
Insurance service expenses	(331,802)	(8,158)	(339,960)
Insurance finance income/(expense) from insurance contracts issued	(195)	(14,404)	(14,599)
Net insurance income	33,421	(14,901)	18,520
Other revenue and other income	725,736	223,447	949,183
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	-	(143,389)	(143,389)
- Other expenses	(708,615)	(10,904)	(719,519)
Operating profit	50,542	54,253	104,795
Finance costs	(40,526)	-	(40,526)
Share of net gains of joint ventures	208	-	208
Profit before income tax	10,224	54,253	64,477
Income tax benefit/(expense)	2,680	(54,253)	(51,573)
Profit from continuing operations	12,904	-	12,904
Loss from discontinued operation	(1,180)	-	(1,180)
Profit for the half-year	11,724	-	11,724

Half-year ended 31 December 2023

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Consolidated Profit or Loss \$'000
Insurance revenue	349,308	7,588	356,896
Insurance service expenses	(321,167)	(7,972)	(329,139)
Insurance finance income/(expense) from insurance contracts issued	(299)	(19,656)	(19,955)
Net insurance income	27,842	(20,040)	7,802
Other revenue and other income	446,344	176,098	622,442
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	-	(104,268)	(104,268)
- Other expenses	(443,892)	(7,090)	(450,982)
Operating profit	30,294	44,700	74,994
Finance costs	(33,744)	-	(33,744)
Share of net losses of joint ventures	(183)	-	(183)

20 Reconciliation of profit attributable to members of Australian Unity Limited (continued)

Half-year ended 31 December 2023

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Consolidated Profit or Loss \$'000
Profit/(loss) before income tax	(3,633)	44,700	41,067
Income tax benefit/(expense)	4,738	(44,700)	(39,962)
Profit from continuing operations	1,105	-	1,105
Profit from discontinued operation	295	-	295
Profit for the half-year	1,400	-	1,400

21 Disposal group held for sale

(a) Description

On 6 November 2024, the Group announced that its wholly-owned subsidiary, Australian Unity Bank Limited, signed an agreement to transfer its banking business to Bank Australia in late 2025.

Under the agreement, Australian Unity will transition its banking operations to one of Australia's leading customer-owned banks. The transfer will include all banking customers and their loans, credit cards and deposit accounts, which at 30 June 2024 was ~25,000 customers, \$1.4 billion in loans and credit, and \$1.6 billion in deposits.

The sale is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Assets and liabilities of disposal group held for sale

At 31 December 2024, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31 December 2024 \$'000
Assets	
Cash and cash equivalents	5,000
Financial assets at fair value through profit or loss	191,146
Loan and advances	1,384,829
Provision for impairment of trade receivables	(4,097)
Assets held for sale	<u>1,576,878</u>
Liabilities	
Interest bearing liabilities	1,583,839
Employee benefits provision	1,394
Liabilities held for sale	<u>1,585,233</u>

(c) Cumulative income or expenses included in OCI

There are no cumulative income or expenses included in OCI related to the disposal group held for sale.

(d) Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 31 December 2024 and 31 December 2023.

21 Disposal group held for sale (continued)

	31 December 2024 \$'000	31 December 2023 \$'000
Interest income	40,843	34,080
Interest expense	(29,791)	(21,714)
Net interest income	11,052	12,366
Other banking income	684	465
Net operating income	11,736	12,831
Operating expenses	(13,327)	(14,093)
Loan impairment provision	(94)	929
Loss before income tax	(1,685)	(333)
Income tax benefit (note 8)	505	99
Loss after income tax from discontinued operation	(1,180)	(234)
Net cash inflow from operating activities	33,051	41,908
Net cash outflow from investing activities	(20,451)	(40,216)
Net increase in cash generated by Banking business	12,600	1,692

(e) Measurement of fair values

i. Fair value hierarchy

The non-recurring fair value measurement for the disposal group of \$1,431,000 has been categorised as a Level 2 fair value based on the inputs to the valuation technique used (refer note 15).

ii. Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the disposal group, as well as the significant unobservable inputs used.

Valuation Technique	Significant Unobservable Inputs
Loan Projected Cash flow Adjustment (using the Loans Projected Cash flow Model): The Loan Projected Cash flow Adjustment is calculated by projecting the fixed contractual interest payments and outstanding principal for each of the fixed-rate securities. The projected cash flows are discounted back to their present value from the expected receipt dates, using the current marketed fixed loan/deposit rates sourced from the Buyer's website. The outstanding principal is discounted back to the present from the final month of the fixed interest period or maturity of the loan. The difference between the present value of the outstanding principal and interest payments, and the face value, represents the discount or premium for each security.	<ul style="list-style-type: none"> • Current fixed market loan rates (based on security profile, type, and tenor). The fixed market loan rates currently range from 1.89% to 6.99%. • Projected cash flow timing and amounts. • Discount or premium between present value and face value. The discount rate for loans ranges from 5.94% to 6.54%.
Deposits Projected Cash flow Adjustment (using the Deposits Projected Cash flow Model): The Deposits Projected Cash flow is calculated based on projected fixed interest payments and outstanding principal for each deposit security. The cash flows are discounted back to present value using current marketed fixed deposit rates. In this case, it is assumed that interest is paid in full at maturity and calculated on a simple (non-compounding) basis.	<ul style="list-style-type: none"> • Current fixed market deposit rates (based on security profile, type, and tenor). The fixed market deposit rates currently range from 1.40% to 5.40%. • Projected cash flow timing and amounts. • Discount or premium between present value and face value. The discount rate for deposits ranges from 4.05% to 4.90%.

21 Disposal group held for sale (continued)

Valuation Technique	Significant Unobservable Inputs
Credit Risk Adjustment for Loans in Arrears or Hardship: A discount rate of 15% is applied to loans that are in arrears or hardship to account for the heightened credit risk and less certainty in future cash flows. This adjustment is factored into the calculation of present value for such loans.	• Discount rate of 15% for loans in arrears or hardship due to higher credit risk.
Exclusion of Tax Impact: The calculations for both loans and deposits do not take into account any tax impact in determining the fair value adjustments.	• No tax impact considered in the calculations.

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not satisfy the recognition criteria.

22 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	31 December 2024 \$'000	30 June 2024 \$'000
Financial assets at fair value through profit or loss		
Within one year	2,060	3,200
	2,060	3,200
Investment properties		
Within one year	33,545	56,566
	33,545	56,566
Total capital commitments	35,605	59,766

The Group is engaged in a social infrastructure development project in Brisbane, Queensland, being the Herston Quarter Redevelopment Project which is developed and operated by Herston Development Company Pty Ltd (HDC) - a wholly-owned subsidiary of the Group.

In addition to the Group's capital commitments above, HDC has also committed to deliver various contractual milestones for each stage of the project under the overarching Development Agreement between HDC and the Metro North Hospital and Health Service. The major milestones are anticipated to be completed within the next four years with capital expenditure in the range of \$45 million.

23 Contingencies

Contingent liabilities

There have been legal claims lodged for damages against the Group for which no provision has been raised, due to the belief it is not probable that these claims will succeed and that it is not practical to estimate the potential effect of these claims. The Directors are of the view that none of these claims are likely to result in material exposure. The Group also has contingent liabilities arising in the ordinary course of business, including costs which might arise from a customer remediation program, in relation to which any unprovided liabilities cannot yet be reliably estimated.

Guarantees

The Group has entered into bank guarantee arrangements totalling \$98,873,000 as at 31 December 2024 (30 June 2024: \$109,879,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Group had no other contingent assets or liabilities at 31 December 2024.

24 Events occurring after the reporting period

MCI dividend

On 26 February 2025, the board of Australian Unity Limited has determined an interim fully franked dividend of \$2.4932 per Australian Unity Mutual Capital Instrument, totalling \$12,642,642, to be paid on 15 April 2025. The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2024 and will be recognised in subsequent financial reports.

Constitution Hill RACF acquisition

On 21 January 2025, the settlement of the acquisition of the Constitution Hill Residential Aged Care Facility (RACF) from Australian Unity Healthcare Property Trust (AUHPT) was completed. The acquisition was finalised with the ownership of the land and building now held by Australian Unity Nominees Pty Ltd as trustee for Australian Unity Aged Care Trust # 3. The total consideration for the acquisition amounted to \$24,513,000.

The Alba funding

On 14 February 2025, Australian Unity Limited (AUL) provided an arms length loan of \$27.5 million to the 114 Albert Road Holding Trust in order to redeem the Preferred A units, resulting in Australian Unity Care Services (AUCS) being the sole unitholder of the Trust. From this date, AUCS will consolidate the 114 Albert Road Holding Trust which includes the structure used to develop the Alba Residential Aged Care and Retirement Living precinct.

The board is not aware of any other matter or circumstance arising since 31 December 2024 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

25 Related party transactions

(a) Transactions and balances with related parties

Transactions between the Group and related parties for the half-years ended 31 December 2024 and 2023 were as follows:

- Property development management fees charged to related entities, \$625,574 (2023 \$7,298,737).
- Fees charged by related entities for the construction of aged care and retirement village properties, \$23,774,000 (2023: \$16,900,000).
- Dividends received from associates, \$152,940 (2023: \$nil).

25 Related party transactions (continued)

(a) Transactions and balances with related parties (continued)

- Interest charged by a related entity, \$165,313 (2023: \$161,130).
- Investment income from related entities, \$7,082,281 (2023: \$175,473).

Balances with related parties as at 31 December 2024 with comparative amounts as at 30 June 2024 were as follows:

	31 December 2024 \$	30 June 2024 \$
<i>Assets</i>		
Cash and cash equivalents	10,941,083	411,763,357
Trade and other receivables	372,547	541,618
Financial assets at fair value through profit or loss	496,238,973	440,460,360
	<u>507,552,603</u>	<u>852,765,335</u>
<i>Liabilities</i>		
Loans payable to related entities	<u>5,100,000</u>	5,100,000

(b) Joint Ventures

The Group has joint control interests in the following joint ventures:

	31 December 2024	Share of net gain/(loss) \$'000	31 December 2023	Share of net gain/(loss) \$'000
	Ownership interest held		Ownership interest held	
Acorn Capital Limited	40.7%	(223)	40.7%	57
Ramsay Connect Pty Ltd	50.0%	431	50.0%	(240)
114 Albert Road Holding Trust	40.5%	-	40.5%	-
		<u>208</u>		<u>(183)</u>

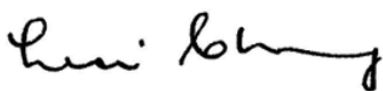
(c) Terms and conditions

All transactions with related entities are entered into on normal commercial terms and conditions and at market rates as applicable.

In the opinion of the directors of Australian Unity Limited (Parent entity or Company):

- (a) The condensed consolidated interim financial statements and notes set out on pages 9 to 52, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the six month period ended on that date.
 - (ii) complying with Australian Accounting Standards as it relates to AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and
- (b) There are reasonable grounds to believe that the Parent entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Lisa Chung
Chair



Rohan Mead
Group Managing Director & CEO

Melbourne
26 February 2025



Independent Auditor's Review Report

To the members of Australian Unity Limited

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Australian Unity Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Australian Unity Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Report** comprises:

- Condensed Consolidated balance sheet as at 31 December 2024;
- Condensed Consolidated statement of comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 25 including selected explanatory notes; and
- The Directors' Declaration.

The **Group** comprises Australian Unity Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- Such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Chris Wooden

Partner

Melbourne

26 February 2025