Annual Report 2023

EYEQ OPTOMETRISTS LIMITED
ABN: 47 006 505 880
and controlled entities

your local
experts in eyecare

EyeQ OPTOMETRISTS

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EYEQ OPTOMETRISTS LIMITED AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2023

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Executive Chairman's Report

It is with pleasure that I present to you the 2023 Annual Report for EyeQ Optometrists Limited.

This was a year of consolidation, as we continued to streamline business operations.

Fortunately, the numerous disruptive events of FY22 were not repeated, although the year was tempered by continuous increases in interest rates resulting in a different set of market pressures.

All in all, it has been a challenging year, but also rewarding, as the efforts of our past endeavors delivered the expected efficiencies. Our full year results have been very satisfying.

Recognising the potential for a slow start to FY24, with interest rate increases finally kicking in, the Board has determined a full year dividend will not be declared.

The Company remains in a strong financial position and will cautiously explore all opportunities which could arise with the changing national and international economic conditions.

As previously advised, our business relationship with National Optical Care has been wound back throughout the year. Numerous benefits were created over the period, with shared services and resources allowing greater efficiencies and improved profitability. Ongoing, it was determined that EyeQ would be better served standing separately, due to diverging practice philosophies of the two entities. The financial services supplied by EyeQ to NOC on fee-based arrangement ceased July 2023.
EyeQ and NOC remain supportive of the mutual success of both groups and anticipate working together whenever opportunity arises.

Some other notable events were:

- The closure of two small satellite practices from a 5-practice group purchased in late FY22 in Victoria. This resulted in improved profitability, due to simpler management and reduced staffing requirements.
- By end of September 2023 all 25 practices will be branded EyeQ Optometrists and listed on our website www.eyeq.com.au.
- All practices were fully transitioned to the EyeQ- customised Optomate Touch Practice Management System (PMS), which facilitated improved operational efficiencies and centralized support.
- May 2023 saw the resumption of the EyeQ National Conference, our first since 2018 (due to Covid disruptions). All practices were represented (and most staff) travelling from across the nation, to a Sydney CBD hotel. The event was very well received by all attendees. We received excellent support from our Preferred Suppliers. Two entertaining external motivational speakers were supplemented by a "mini trade show", as well as educational presentations and hands on workshops.

- Enhanced Human Resource systems.
- Year-end saw EyeQ trialing RFID technology to enhance the accuracy of stock reporting and minimise staff time on stock management. Trial results are most encouraging.

EyeQ will continue to investigate growth opportunities through practice acquisition and organic improvements of the existing network. The short-term goal however is to bring all existing sites to a level of efficiency, only now possible, due to the completion of rebranding utilising a common PMS across the network.

EyeQ Optometrists' tagline, *Your Local Experts In Eyecare*, perfectly describes who we are and what we do. Our point of difference in Australia's congested eye care and eyewear market remains our personalized, comprehensive, state of the art eyecare.
Fortunately, this strategy appeals to both patients and staff, satisfying a significant part of the optometric market.

Each year I continue to express my gratitude to our wonderful staff, shareholders, and patients for your continuing support. Nothing has changed.

Looking forward to another satisfying year for all.

EYEQ OPTOMETRISTS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors present their report together with the financial statements of the consolidated entity consisting of EyeQ Optometrists Limited and the entities it controlled, for the financial year ended 30 June 2023 and auditor's report thereon.

Principal Activities
The consolidated entity owns and operates optometry practices providing optometric health services and optical products to patients.

Results
The consolidated profit after income tax attributable to the members of EyeQ Optometrists Limited was $3,013,000 (2022: $1,801,000).

Financial Position
The net assets of the consolidated entity are $16,880,000.

Review of Operations
The consolidated entity achieved total sales revenue of $31,465,000 for the financial year compared to $24,688,000 for the prior year.

Further information on operations appears in the Executive Chairman's Report on pages 4 - 5.

Significant Changes in the State of Affairs

There have been no significant changes in the consolidated entity's state of affairs during the financial year other than those described in Note 25.

Likely Developments
Disclosure and the expected results of likely developments are likely to result in unreasonable prejudice to the company and have accordingly not been disclosed in this report.
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Environmental Regulation
The consolidated entity's operations are not subject to any significant environmental Commonwealth or State or Territory regulations or laws.

Dividends Paid, Recommended and Declared
Dividends paid to members during the financial year were as follows:

	2023 $'000	2022 $'000
Interim ordinary dividend for the year ended 30 June 2023 of 0.25 of a cent (2022 – 0.25 of a cent)	246	246
	246	246

Options
No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there are no options outstanding at the date of this report.

DIRECTORS REPORT continued

Indemnification and Insurance of Directors and Officers

Rule 100 of the Company's Constitution requires the Company to indemnify each Director, Company Secretary, executive officer or employee of the Company, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the discharge of the duties of the Director, company secretary, executive officer or employee. The Company has entered into Deeds of Indemnity with each of its current Non-executive and Executive Directors. These deeds address the matters set out in Rule 100 of the Company's Constitution.

EyeQ Optometrists has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the consolidated entity. During the financial year, the consolidated entity has paid premiums amounting to $5,000 insuring all the Directors and Officers against claims in relation to their roles as Directors or Officers and costs of defending those claims.

No indemnities have been given or insurance premiums paid for the auditor of the Group.

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

Information on Directors and Company Secretary

The names of the directors and company secretary in office at any time during or since the end of the year are:

Name	Qualifications	Background / Experience
Raymond Fortescue	BOptom (Hons), FCCLSA	Opened his practice at Ramsgate Beach in 1980. He is an emeritus member of the Australian Optometric Panel.
Peter Rose	BOptom, FAICD	Opened his practices at Nowra in 1982, Ulladulla 2003 and Kiama 2004. He is an emeritus member of the Australian Optometric Panel.
Rod Young	Dip. Eng.	Founder and Managing Director of DC Strategy, is recognised as one of the world's leading franchise and channel strategy experts.
Michael Jenkins	BComm, LLB(Hons), MComm, CA	Experience includes retail, manufacturing and services sectors.

Due to the size of the board, the directors do not have special responsibilities with all matters dealt with by the full board.

The Directors and Company Secretary have been in office during the financial period to the date of this report.

Directors' Meetings

The number of meetings of the board of directors held during the financial year and the number of meetings attended by each director were:

	Board of Directors		
	Director's Number	Eligible to attend	Attended
Ray Fortescue	036 07748 57853 24	23	23
Peter Rose	036 62033 44432 14	23	23
Rod Young	036 53229 63821 90	23	23
Michael Jenkins	036 80541 53709 80	23	23

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

DIRECTORS REPORT continued

Rounding of Amounts

The amounts contained in the report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial / Director's Report) Instrument 2016/191. The company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the directors.

Raymond Fortescue
Executive Chairman
Sydney
7th September 2023

Hayes Knight Audit

Hayes Knight Audit (NSW) Pty Ltd
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EYEQ OPTOMETRISTS LIMITED AND CONTROLLED ENTITIES
ACN: 006 505 880

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001

To the Directors of EyeQ Optometrists Limited.

In relation to the independent audit for the year ended 30 June 2023, to the best of our knowledge and belief there have been:

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

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

Hayes Knight

Vincent Poon - Director Audit Services
Registered Company Auditor

Hayes Knight Audit (NSW) Pty Ltd

Dated at Sydney, this 7th day of September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $'000	2022 $'000
Continuing operations			
Revenue			
Sales revenue	4	31,465	24,688
Other income	4	1,225	1,098
		32,690	**25,786**
Less: Expenses			
Cost of sales		(7,395)	(5,999)
Employee benefits expenses	5	(14,785)	(12,887)
Occupancy expenses		(40)	(75)
Depreciation and amortisation expenses	5	(2,891)	(2,278)
Interest	5	(702)	(468)
Practice Closure	5	(151)	-
Acquisition expenses		(455)	(330)
Other expenses	5	(2,135)	(1,348)
		(28,554)	**(23,385)**
Profit before income tax		4,136	2,401
Income tax expense	6	1,123	600
Profit for the year		3,013	1,801
Other comprehensive income		-	-
Total comprehensive income		3,013	1,801
Total comprehensive income attributable to:			
Members of the parent		3,013	1,801

The accompanying notes form part of these financial statements

EYEQ OPTOMETRISTS LIMITED AND CONTROLLED ENTITIES
ACN: 006 505 880

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023

	Notes	2023 $'000	2022 $'000
CURRENT ASSETS			
Cash and cash equivalents		2,957	2,733
Trade Receivables	7	821	748
Inventories		1,812	1,689
Other current assets - prepayments		198	94
Financial asset	1(o)	-	3,300
TOTAL CURRENT ASSETS		**5,788**	**8,564**
NON-CURRENT ASSETS			
Deferred tax assets	6	593	788
Investment		3,300	-
Property, plant and equipment	8	9,365	9,770
Intangible assets	9	17,236	17,236
TOTAL NON-CURRENT ASSETS		**30,494**	**27,794**
TOTAL ASSETS		**36,282**	**36,358**
CURRENT LIABILITIES			
Trade and other payables to trade suppliers		2,611	1,772
Lease Liability		1,854	2,349
Provisions	10	1,909	1,961
Current tax liabilities	6	219	(20)
Loans and borrowings	24	5,943	42
Other liabilities	11	635	155
TOTAL CURRENT LIABILITIES		**13,171**	**6,259**
NON-CURRENT LIABILITIES			
Lease Liability		4,962	5,473
Loans and borrowings	24	-	7,943
Provisions	10	196	141
Other liabilities	11	1,073	2,429
TOTAL NON-CURRENT LIABILITIES		**6,231**	**15,986**
TOTAL LIABILITIES		**19,402**	**22,245**
NET ASSETS		**16,880**	**14,113**
EQUITY			
Contributed capital	12	23,022	23,022
(Accumulated Losses)		(6,142)	(8,909)
TOTAL EQUITY		**16,880**	**14,113**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Contributed equity $'000	(Accumulated Losses) $'000	Total Equity $'000
Balance as at 30 June 2021		**23,022**	**(10,464)**	**12,558**
Profit for the year		-	1,801	1,801
Total comprehensive income for the year		**-**	**1,801**	**1,801**
Transactions with owners in their capacity as owners:				
Dividends paid		-	(246)	(246)
Total transactions with owners		**-**	**(246)**	**(246)**
Balance as at 30 June 2022		**23,022**	**(8,909)**	**14,113**
Profit for the year		-	3,013	3,013
Total comprehensive income for the year		**-**	**3,013**	**3,013**
Transactions with owners in their capacity as owners:				
Dividends paid		-	(246)	(246)
Total transactions with owners		**-**	**(246)**	**(246)**
Balance as at 30 June 2023		**23,022**	**(6,142)**	**16,880**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 $'000	2022 $'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	31,533	28,923
Payments to suppliers and employees	(23,743)	(24,233)
Other Interest Paid	(233)	(9)
Interest on AASB 16 Lease Liabilities paid	(469)	(458)
Interest received	52	-
Income tax paid	(689)	(1,259)
Net cash provided by operating activities	**6,451**	**2,964**
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	725	1,092
Practice acquisitions	-	(9,463)
Acquisition costs	(513)	(330)
Purchase of financial asset	-	-
Proceeds from practice sale	-	1,186
Proceeds from sale of property, plant & equipment	2	6
Payment for property, plant and equipment	(1,427)	(433)
Net cash (used in) investing activities	**(1,213)**	**(7,942)**
CASH FLOW FROM FINANCING ACTIVITIES		
Loan repayment	(2,042)	(21)
Loan Proceeds	-	7,943
Repayments on financial leases	(2,726)	(2,041)
Dividends paid	(246)	(246)
Net cash (used in)/provided by financing activities	**(5,014)**	**5,635**
Net increase in cash and cash equivalents	224	657
Cash and cash equivalents at beginning of year	2,733	2,076
Cash and cash equivalents at end of the year	**2,957**	**2,733**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, other requirements of law and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers EyeQ Optometrists Limited and controlled entities as a consolidated entity. EyeQ Optometrists Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the directors on 7th September 2023.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Statement of Compliance

The Group does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.
The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies and accrual basis, except for the statement of cash flows.

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports instrument (2016/1911). The company is an entity to which the instrument applies.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, over which the parent has the power to control. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 18.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established. They are de-consolidated from the date that control ceases.

(c) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the client.

Revenue from the provision of services to customers is recognised upon delivery of the service to the client.

Dividend income is recognised upon receipt.

Interest revenue is recognised when it becomes receivable on an accruals basis considering the interest rates applicable to the financial assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) **Revenue (continued)**

All revenue is stated net of the amount of goods and services tax (GST).

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment loss) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term trade receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable, for which an impairment allowance had been recognised, becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(f) Inventories

Inventories, comprising finished goods, are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as purchase cost on a first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense.

(g) Property, plant and equipment

Cost
All classes of property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation
The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

	2023
Plant and equipment:	3 to 10 years
Leasehold improvements	Period of lease
Right of use	Period of lease

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(h) Intangibles

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities or the acquired businesses at the date of acquisition.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(h) Intangibles (continued)

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Refer Note 2(I) for a description of impairment testing procedures.

When an intangible asset is disposed of the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss as other revenue.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability.

(k) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation
The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(l) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Employee benefits

Short-term employee benefits
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating personal leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(m) Employee benefits (continued)

Other long-term employee benefits
The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

(n) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings and ancillary costs incurred in connection with arrangement of borrowings.

(o) Financial instruments

Classification
The consolidated entity classifies its financial instruments as loans, assets and receivables. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and Receivables
Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial asset
These Convertible Notes were issued on 5th November 2020 and 25th June 2021, and are interest free with maturity date extended to 31 December 2022. The Notes amount automatically converted into shares at maturity date in accordance with the terms of the Convertible Note agreements.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial Liabilities
Financial liabilities include trade payables and other creditors. Financial liability is de-recognised when the obligation under the liability is disposed, cancels or expires.

(p) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(q) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low value assets. [Reporting unit] recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments)less any lease incentives receivable, variable lease payments, that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also included the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of intertest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(t) New and Amended Accounting Standards Adopted by the Entity

There are no new or amended accounting standards which had an impact on the Entity during this reporting period.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Estimated Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are performed annually at 30 June each year.

These calculations are based on projected discounted cash flows determined by management and approved by the board covering a period not exceeding five years.

Management's determination of cash flow projections is prepared on a practice-by-practice basis with revenue and gross margin varying from practice to practice. Cash flow projections for each practice are largely based on historical performance, available billing hours, local demographics, known operating expense variables and projected growth rates.

A growth rate of 2% (2022: 2%) unless there were specifically determined indications of varying financial performance is applied to all years subsequent to the base year for projected discounted cash flows.

A terminal growth rate of 2.5 (2022: 2.5) is applied to represent the growth rate implied to extrapolate the cash flows beyond the five-year forecast period. The terminal value multiple is based on Director's experience, industry knowledge, market comparative multiples and previous acquisitions and disposals.

The present value of future cash flows has been calculated using a post-tax discount rate of 16.75% and 12.75% (30 June 2022: 16.75% and 12.75%) to determine value-in-use.

The cash generating units consist of working capital, plant and equipment and goodwill.

No impairment loss on consolidation, based upon a value in use calculation was recognised for continuing operations for the year ended 30 June 2023. Management prepared discounted cash flow projections at 30 June 2023 based upon actual results to that date and applying growth rates for 2023 of 3% adjusted for any specifically determined variations.

(b) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Determining the lease term of contracts with renewal and termination options

Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

(d) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

	2023 $'000	2022 $'000
NOTE 3: FINANCIAL ASSETS AND LIABILITIES		
Financial Assets		
Cash and cash equivalents	2,957	2,733
Financial asset	-	3,300
Investment	3,300	-
Trade receivables	821	748
Total Anticipated Inflows	7,078	6,781
Financial Liabilities		
Trade and other payables	2,611	1,771
Loans and Borrowings	5,943	7,991
Lease liabilities	6,816	7,822
Total Anticipated Outflows	15,370	17,584

The Group's trade receivables are measured at fair value on a recurring basis after their initial recognition (refer Note 1(e)).

	2023 $'000	2022 $'000
NOTE 4: REVENUE		
Revenues from continuing operations		
Sales revenue		
Sale of goods	23,919	18,948
Rendering of services	7,546	5,740
	31,465	24,688
Other revenue		
Dividend Received	725	1,092
Interest	52	-
Debt forgiveness	448	-
Profit on disposal of non-current assets		
- Plant & equipment and leasehold	-	6
	1,225	1,098

NOTE 5: PROFIT FOR THE YEAR

Expenses

Profit before income tax has been determined after the following specific expenses:

	2023 $'000	2022 $'000
Employment benefits expenses	14,785	12,887
Depreciation and amortisation of non-current assets		
Plant and equipment	2,891	2,278
Interest Expense	702	468
Loss on disposal of non-current assets		
Plant & equipment and leasehold	122	-
Practices Closure expense		
Including staff redundancy, asset disposal and premises costs	151	-
Other expenses		
Stock obsolescence impairment	(40)	75
Bad debt write-off	-	19

	Notes	2023	2022
		$'000	$'000
NOTE 5: PROFIT FOR THE YEAR continued			
Impairment Gains			
Impairment gain from sale of practice		-	468
Goodwill		-	(42)
		-	426

NOTE 6: INCOME TAX

(a) Components of tax expense:

	2023	2022
Current tax	927	462
Deferred tax	196	138
	1,123	600

(b) Current tax

Current tax relates to the following:

	2023	2022
Current tax		
Opening balance	(20)	680
Income tax movement	239	(700)
Tax refund	-	-
Current tax payable/(recoverable)	219	(20)

(c) Deferred tax assets

The balance comprises:

	2023	2022
Employee benefits	526	525
Impairment – Debtors	4	-
Prepayment	(49)	-
Write down – Inventory	13	23
Accruals	61	45
Lease Liability	1,704	1,955
Right of Use Assets	(1,549)	(1,804)
Blackhole provision	27	20
Property, plant & equipment	(144)	23
Deferred tax assets	593	787

NOTE 7: RECEIVABLES

	2023	2022
CURRENT		
Trade receivables	838	765
Provision for impairment	(17)	(17)
	821	748

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Right of Use		Leasehold Improvements		Plant & equipment		Total	
	2023 '000	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
At cost	10,858	10,865	3,214	2,982	6,034	6,213	20,106	20,060
Accumulated depreciation	(4,668)	(3,753)	(2,404)	(2,224)	(3,669)	(4,313)	(10,741)	(10,290)
Total plant and equipment	6,190	7,112	810	758	2,365	1,900	9,365	9,770

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	Right of Use		Leasehold Improvements		Plant & equipment		Total	
Carrying amount at 1 July 2022	7,112	4,372	758	396	1,900	1,325	9,770	6,093
Additions	1,385	4,507	265	187	1,162	246	2,812	4,940
Additions by acquisition of practices	-	-	-	381		899	-	1,280
Disposal	(142)	(165)	(2)	(17)	(190)	(201)	(334)	(383)
Depreciation expense	(2,165)	(1,602)	(211)	(189)	(507)	(369)	(2,883)	(2,160)
Carrying amount at 30 June 2023	6190	7,112	810	758	2,365	1,900	9,365	9,770

NOTE 9: INTANGIBLE ASSETS

	2023 $'000	**2022 $'000**
Goodwill		
At cost	27,968	27,968
Accumulated impairment loss	(10,732)	(10,732)
	17,236	17,236
Reconciliation		
Carrying amount beginning of year	17,236	7,144
Acquired through business combination	-	10,786
Disposal of practice	-	(652)
Impairment loss	-	(42)
Carrying value at end of year	17,236	17,236

The impairment losses have been included in other expenses in the statement of profit and loss

NOTE 10: PROVISIONS

CURRENT		
Employee benefits	1,909	1,961
NON-CURRENT		
Employee benefits	196	141

	Notes	2023	2022
		$'000	$'000
NOTE 11: OTHER LIABILITIES			
CURRENT			
Deferred consideration for practice acquisition		635	155
NON-CURRENT			
Deferred consideration for practice acquisition		1,073	2,429

NOTE 12: CONTRIBUTED CAPITAL

	Notes	2023	2022
(a) Issued and paid-up capital – Parent entity			
Ordinary shares fully paid		**23,022**	**23,022**
(b) Movements in ordinary share capital			
Beginning of the financial year		23,022	23,022
Amortisation of employee share plan	(i)	-	-
Total at balance date		23,022	23,022
(b) Movements in number of shares		Number	Number
Beginning of the financial year		98,563,641	98,563,641
Total at balance date		98,563,641	98,563,641

(i) Employee Share Plan
The Plan under which Rights may be issued by the company to employees and executive directors (Participant) identified by the Board are invited to apply for the equivalent number of ordinary shares in EyeQ Optometrists Limited through the EyeQ Optometrists Employee Share Trust (EST) via an interest free loan. This was approved by shareholders at the 2013 annual general meeting. Upon the latter of vesting of the Right or the Participants stated disposal restriction, the Participant acquires shares by paying the interest free loan which may be satisfied by the repayment of the loan balance or the compulsory divestiture of the shares.

Rights to all shares have been issued to Participants.

The EST was wound-up during August 2023.

NOTE 13: DIVIDENDS PAID AND PROPOSED

	2023	2022
	$'000	$'000
Dividends on ordinary shares:		
Interim franked dividend for 2023: 0.25 of a cent per share (2022: 0.25 of a cent per share)	246	246

NOTE 14: CASH FLOW INFORMATION

	2023 $'000	2022 $'000
Credit stand-by arrangements with banks		
Credit facility	-	800
Amount utilised	-	-
Unused credit facility	-	800

The bank overdraft facility was closed May 2023 as the facility was not utilised..

During the financial year ended and as at 30 June 2023 the Company met all reporting covenants on the funding facility provided by the financiers.

NOTE 15: CONTINGENT LIABILITIES

Guarantees are provided by EyeQ Optometrists Limited, where required, to support the retail tenancy obligations of subsidiary companies.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the company and consolidated entity was $1,304,000 (2022: $1,296,000).

NOTE 17: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

As at 30 June 2023 the number of fully paid ordinary Shares held by Directors and Executives was 45,584,825 (2022: 45,584,825).

NOTE 18: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of EyeQ Optometrists Limited and its controlled entities listed below:

	Country of Incorporation	Percentage Owned	
		2023	**2022**
Parent Entity:			
EyeQ Optometrists Limited	Australia		
Subsidiaries of EyeQ Optometrists Limited			
EyeQ Operations Pty Ltd	Australia	100%	100%
Eyecare Partners Pty Ltd (1)	Australia	100%	100%
EyeQ Link Pty Ltd	Australia	100%	100%
EPL Finance Pty Ltd (1)	Australia	100%	100%
EyeQ Supply Pty Ltd (1)	Australia	100%	100%
Karrinyup Optometrist Pty Ltd (1)	Australia	100%	100%

(1) On 21 July 2023 voluntary de-registration of the company was lodged with ASIC.

(b) Wholly owned group transactions
Intragroup loans with and between wholly owned subsidiaries are provided on an interest-free basis. They are designated as at call and are eliminated on consolidation.

(c) Transactions with Directors or Director Related entities

During the reporting period, EyeQ Operations Pty Ltd entered into leases on commercial terms and conditions for the rental of retail premises, management and services contracts with entities associated with Directors. The amounts paid are shown in the table below:

Name	**Purpose**	**Amount** $'000
Raymond Fortescue	Rental of premises	$181
Peter Rose	Rental of premises	$207
Rod Young	Consulting and legal services	$56

NOTE 19: PARENT ENTITY DISCLOSURES

	2023 $000	**2022 $000**
Results of the parent entity		
Profit for the year	603	1,361
Total	603	1,361
Financial position of the parent entity at year end		
Current assets	14,792	14,467
Non-current assets	3,362	3,362
Total assets	18,154	17,829
Current liabilities	-	30
Total liabilities	-	30
Net Assets	18,154	17,799

NOTE 20: PARENT ENTITY DISCLOSURES continued

	2023 $000	2022 $000
Total equity of the parent entity comprising of:		
Contributed equity	23,022	23,022
Accumulated losses	(4,868)	(5,223)
Total equity	18,154	17,799

NOTE 21: INFORMATION ABOUT THE COMPANY

The Company is an unlisted public entity incorporated in Australia under the Corporation Act 2001.

The addresses of its registered office and principal place of business are as follows:

Register Office	Principal Place of Business
4A Lord Street, Botany, NSW, 2019	4A Lord Street, Botany, NSW, 2019

NOTE 22: FUTURE MINIMUM LEASE PAYMENTS

The future minimum lease payments arising under the Group's lease contracts at end of the financial year are as follows:

	2023 $000	2022 $000
Not later than I year	2,389	2,677
Later than 1 year and not later than 5 years	4,956	6,084
Later than 5 years	270	68
	7,615	8,829

NOTE 23: REMUNERTION OF AUDITORS

Audit	44	44
Other Services	25	38
	69	82

NOTE 24: LOANS AND BORROWINGS

Current - Commonwealth Bank	5,943	42
Non – Current Commonwealth Bank	-	7,943

The Loan is secured by a fixed and floating charge over the Company.

The Loan is subject to an interest rate of BBSY with maturity date 15 March 2024.

NOTE 25: SUBSEQUENT EVENTS

During July 2023 EyeQ Optometrists Limited commenced voluntary de-registration of four dormant companies – refer Note 18.

During August 2023 the Employee Share Trust was terminated.,

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 10 to 26 in accordance with the *Corporations Act 2001*:

i. Including compliance with Accounting Standards Reduced Disclosure Requirements and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

ii. Give a true and fair view of the financial position of the consolidated entity as at 30 June 2023 and of its performance for the year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that EyeQ Optometrists Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2023.

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

Raymond Fortescue
Director

Sydney
7th September 2023

Hayes Knight Audit

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EYEQ OPTOMETRISTS LIMITED AND CONTROLLED ENTITIES
ACN: 006 505 880

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF EYEQ OPTOMETRISTS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EyeQ Optometrists Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

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

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of EyeQ Optometrists Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

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

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

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EYEQ OPTOMETRISTS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF EYEQ OPTOMETRISTS LIMITED

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Vincent Poon - Director Audit Services **Registered Company Auditor**	**Hayes Knight Audit (NSW) Pty Ltd**

Dated at Sydney, this 7th day of September 2023

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EyeQ
OPTOMETRISTS
your local
experts in eyecare