

Annual Report

2021





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ARA 2021

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**Letter from the
Executive Chair and
Chief Executive Officer**

“It is good to have an end to journey toward; but it is the journey that matters in the end.”

—
Ursula K. Le Guin
The Left Hand of Darkness

In my letter from the 2020 Annual Report, I spoke of “the worst of times” and “the winter of despair” in a reference to the COVID-19 pandemic in which we were still in the early stages and a great uncertainty was ahead. Here we are, a year later, and we are still in business profitably, although there is a new variant of the virus in the Australian community. We have learned to live with this virus and with our populations in Australia and New Zealand getting vaccinated, we are hopefully looking at a more normal life in the future than the one we have lived for the past eighteen months. ARA is doing its part to encourage our employees to get vaccinated. When each employee is fully vaccinated, they will be given an extra day of paid annual leave. In addition, at the end of each month from August to December, every employee fully vaccinated in the month will participate in a lottery with the winner each month receiving \$10,000. Despite the uncertainty of the present moment, we have to remain focused and optimistic on the future.

There is another reason at the end of this financial year to celebrate. We have completed our twentieth year of operations in a very strong operational and financial position. The theme of this year’s Annual Report is a celebration of twenty successful years. There are photographs interspersed throughout the Annual Report. It has been twenty years of evolving as an organisation, improving the quality and delivery of our products and services, continuous organic and acquisition growth, the building of a corporate culture we can be proud of and delivering good returns to ARA shareholders. The twenty-year journey has been hard work, but it has been rewarding and it is one in which I feel great pride in our accomplishments. As Bob Marley said, “Though the road’s been rocky it sure feels good to me.”

Throughout this year of uncertainty, various lockdowns, the ebb and flow of the coronavirus, ARA continued to improve the collaboration between our divisions and the Senior Management Team. We continued to meet regularly, share customers and share

opportunities for our products and services. As all members of our Senior Management Team are shareholders of ARA, there is a meaningful desire to assist each other. I am extremely thankful for the efforts and support of the Senior Management Team. They are an extraordinarily talented group of individuals. The length of time we have all worked together is a real strength of ARA.

We have ended financial year 2021 in a very good position. Our confirmed forward orders (backlog) at 30 June 2021 is \$305 million, an increase of 47% from the prior year. This is a record amount of backlog by a significant amount in the twenty-year history of ARA and compares very favourably to the \$208 million of backlog at 30 June 2020. This amount of backlog is a positive indicator for the year ahead, once we are able to move past the current coronavirus disruption.

The cash flow during the financial year was very strong. 156% of EBITDA was converted into operating cash flow in the financial year. This compares favourably to 82% of EBITDA in the prior financial year. Free cash flow in 2021 was \$52.4 million as compared to free cash flow in 2020 of \$22.9 million. There are additional metrics that demonstrate the strong financial position of ARA at 30 June 2021: EBIT covered interest by approximately 13 times; the leverage ratio (net debt divided by EBITDA adjusted for the full year of acquisitions completed during the year) was one time; net debt is 26% of our total capital structure (net debt plus equity).

2021 was the sixth consecutive year of record earnings. Earnings per share increased to \$.57 per share in 2021 as compared to \$.46 per share in 2020, an increase of 24%. Earnings per share has grown at a compounded growth rate of 7% during the past ten years (8% for the past five years). EBITDA increased from \$36.5 million to \$46.3 million, an increase of \$9.8 million, or 27%. The Property Services Division delivered strong operating results. The Group did benefit during the year from government support for wages paid. EBITDA has grown at a compounded growth rate of 16% during the

past ten years. EBITDA was 8% of revenue, an increase from 6% of revenue for the prior four years.

Revenue declined for only the second time in the twenty-year history of ARA to \$576 million from \$621 million in 2020, a decline of \$45 million, or 7%. Despite the decrease in revenue in 2021, revenue has still grown at a compounded growth rate of 9% during the past ten years. The decline in revenue was caused by a number of factors including the impact of COVID-19 and a reduction in infrastructure works, due to a number of large contracts completing at the end of last financial year. The decline in revenue was partially offset by increased revenue in our Property Services Division and from acquisitions made during the financial year. The dramatic increase in backlog at 30 June 2021 as noted above, is an indication that the Group has significant infrastructure revenue for the year ahead as well as an increase in the base service revenue and the effect of growth from acquisitions in 2021.

ARA has demonstrated its resilience and the benefits of its diverse range of services during the past twenty years. We have weathered the world economic problems in 2008 – 2010 profitably and thus far, we have maintained the business profitably during the past eighteen months of an unprecedented pandemic. We continued to make strategic acquisitions during 2021. These are discussed in the pages ahead. ARA is seen by vendors of businesses as an acquirer of choice.

In conclusion, I would be remiss if I did not thank the Board of Directors for their support and guidance. They are all shareholders and only have the best interests of ARA in mind as they do their job. The most important group to thank is the 2,500 employees of ARA. They have been at the front line during the pandemic carrying out the services of ARA to our customers. ARA employees are an exceptional group of people. My gratitude knows no bounds.

Edward Federman

Edward Federman
Executive Chair and Chief Executive Officer
ARA Group Limited

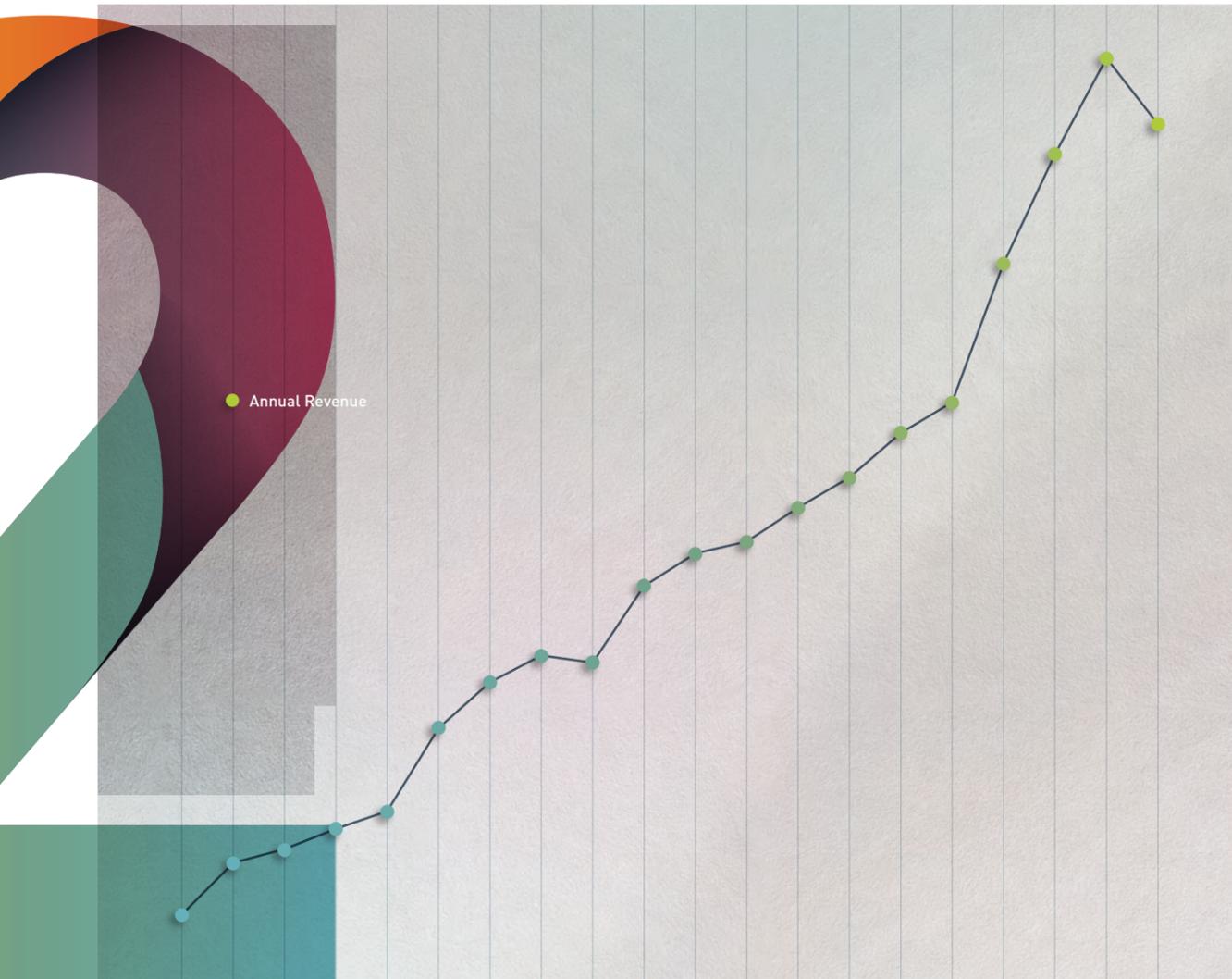
Note: EBITDA is presented before the impact of the accounting standard (AASB 16) Leases.



Financial Year 2021

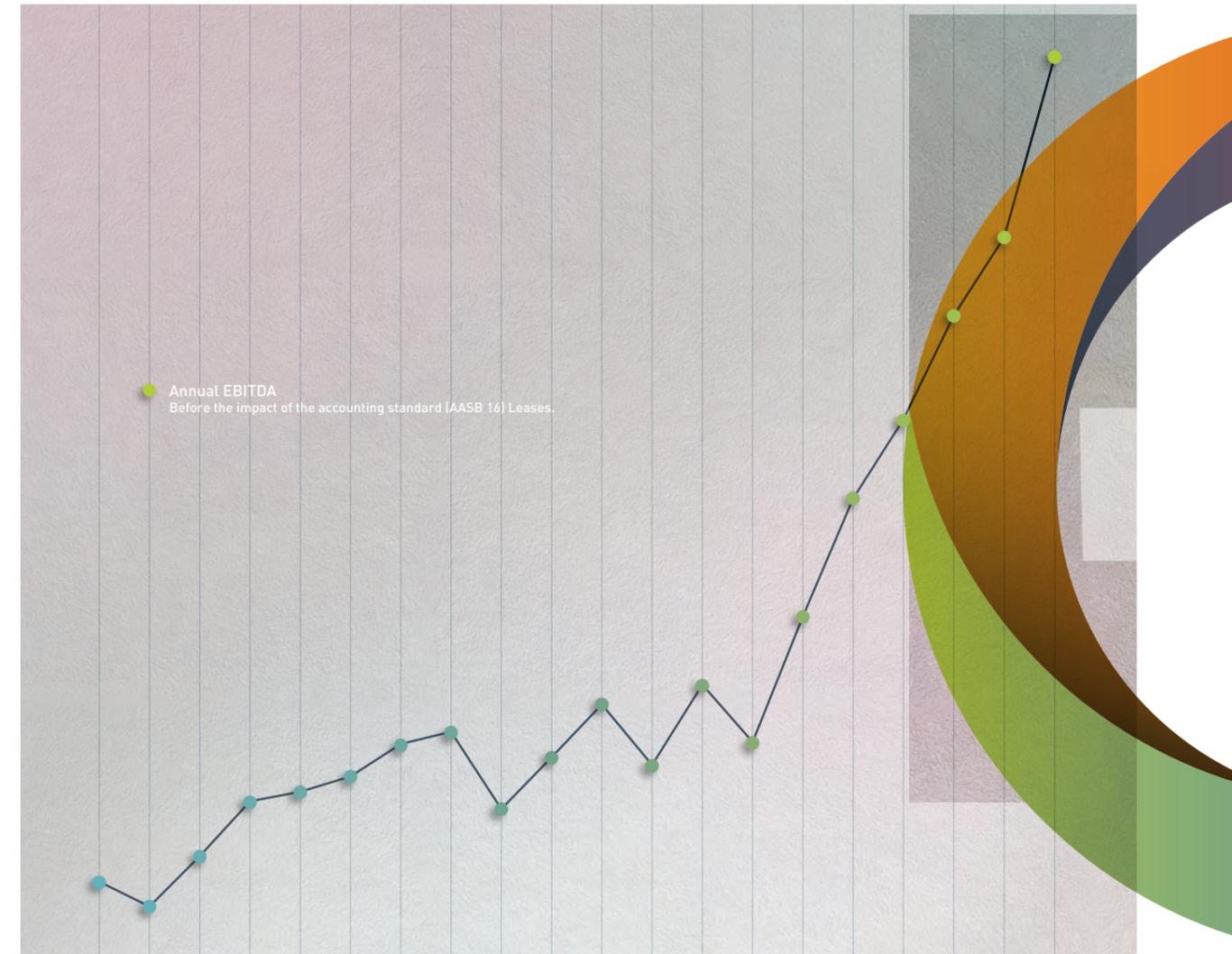
20 Years of Sales and Profitability

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



Revenue declined for only the second time in the twenty-year history of ARA to \$576 million from \$621 million in 2020, a decline of \$45 million, or 7%. Despite the decrease in revenue in 2021, revenue has still grown at a compounded growth rate of 9% during the past ten years. The decline in revenue was caused by a number of factors including the impact of COVID-19 and a reduction in infrastructure works, due to a number of large contracts completing at the end of last financial year. The decline in revenue was partially offset by increased revenue in our Property Services Division and from acquisitions made during the financial year.

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



EBITDA in 2021 was ARA's sixth successive year of record profits. EBITDA increased from \$36.5 million to \$46.3 million, an increase of \$9.8 million, or 27%. From 2012 to 2021, a period of the last ten years, EBITDA has grown at a compounded growth rate of 16%. EBITDA was 8% of revenue, an increase from 6% of revenue for the prior four years.

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



20 years

Thoughts on the Journey by Edward Federman

Celebrating the past Looking to the future

Thirty-five years ago, as I was gaining experience working for a large, growing multi-divisional business, I dreamt about building a business myself someday. I had the great fortune to come to Australia in the 1990's, working for a large Australian building services business. During this time, I worked with Leo Browne and we grew the business profitably for which we had responsibility. We agreed that someday we would build a business for ourselves. For Leo, this was to be a hobby. For myself, I had dreams of growing a significant building services business in Australia and New Zealand.

We began the ARA journey in 2001 to establish a building services business. Within the first year, we had four platforms of business – Electrical, Manufacture, Security and Fire Protection. We set a goal that in five years our business would turnover \$100 million, have an operating margin of 10% and have no bank debt. We came very close to achieving these original goals. At the end of the fifth year of operations in 2006 turnover was \$97 million, the operating margin was 8% and there was no bank debt.

Financial year 2007 was a transitional year that accelerated the growth of ARA. During the first half of the year, the Mechanical Division was established through an

acquisition, a major electrical business was acquired, and the Fire Protection Division expanded to Melbourne. The most significant transaction was the management of the Advanced Group through its voluntary administration. This was an early pre-packaged insolvency transaction in Australia. ARA was the licensee of the Administrator and managed the Advanced Group through its insolvency. ARA's efforts saved 150 jobs, returned millions of dollars to creditors and paid redundant employees all their redundancy benefits and their entitlements. ARA then acquired the business for the value of one year's earnings. This established ARA as a major electronic security service company, a handyman service company and added business to the newly formed Mechanical Division. There were now six ARA platforms – Electrical, Manufacture, Security, Fire Protection, Mechanical and Building.

Another important development in the ARA story emerged in financial year 2007. Employee ownership of ARA shares became available and was a critical step forward in the evolution of ARA. It was always my hope that ARA would become an employee-owned company. In financial year 2008, we began to use ARA shares to facilitate additional strategic acquisitions without ARA becoming

highly leveraged. Today there are more than 200 ARA shareholders. The vast majority of whom are employees. ARA is now genuinely an employee-owned company.

In the years 2009 – 2010, the world suffered through a financial crisis. ARA continued to do its work profitably during those years. This effort demonstrated the resilience of the business model of ARA. ARA focused inwardly from 2011 – 2013 and had 42% organic growth. Beginning in 2014, through to today, there have been a series of strategic acquisitions. As we grew profitably, our bank supported us more and more. This gave us the ability to continue growing.

Financial year 2017 saw a step change in the growth of ARA through the acquisition of a large, Melbourne based cleaning company. ARA now had its complement of services, principally technical building services but now also a range of "soft" services. This financial year saw the expansion of ARA into New Zealand through the acquisition of an electronic security service company. ARA had become a unique, multi-service building service organisation in Australia and New Zealand.

Several years ago, we had a large project to rebrand the ARA Group to create consistency throughout the various divisions. We needed

“This twenty-year journey has been a dream come true for me.”

—
Edward Federman

to morph from a collection of businesses to a real company, both in substance as well as appearance. Today, ARA has an in-house Creative Team who keeps our branding consistent and assists in the development of materials to give ARA a professional appearance to our customers.

Through steady organic growth and continuing strategic acquisitions we have grown ARA to a substantial building service business in Australia and New Zealand. This growth, coupled with strong financial management, has contributed to ARA becoming a unique multi-service company. This approach has allowed our shareholders to achieve strong returns through a policy of annual dividends and growth in share price.

Throughout the twenty-year history of growth of ARA, there has been the compelling belief in the decentralised vertical structure of the organisation. I have a strong conviction that people want responsibility for the business they lead. We have always had a small corporate structure and relied upon our management team to lead their business units. We provide good governance, but we rely upon and reward our team leaders. As a result of this management philosophy coupled with their ownership of ARA shares, our Senior Management Team

has significant continuity. This continuity has helped nurture the culture we have instilled in ARA. The teamwork we have amongst our Management Team has developed very meaningfully during the past twenty years. We have many long-serving loyal staff who bring our various products and services to our customers every day. Without the 2,500 staff doing their job every day, there would not be an ARA.

We thrive upon the culture we have created during the past twenty years. It is a culture of collaboration within and an unwavering focus upon delivering the work we have been contracted to perform for our customers. Overlaying these characteristics is a desire to contribute to the communities where we work. This has evolved through the ARA Endowment Fund, very generous contributions to the arts and literature and contributing to communities suffering from natural disasters.

This twenty-year journey has been a dream come true for me. It is very difficult to adequately express the gratitude I have for the Senior Management Team I work with each day and the 2,500 employees of the ARA Group. I look forward to the next twenty years.



Photographs

Top: Co-founders Leo Browne and Edward Federman working out of ARA's first headquarters, Leo's kitchen.

Middle: Sealeck Doors & Windows, the first ARA acquisition in April 2001, the beginning of ARA.

Bottom: BASS Electrical, acquired in 2001, was the start of the significant ARA Electrical division.

Our People

The Unsung Heroes of the ARA Group

“ They work hard and rise to the challenge. They lead through example, uplift their teammates and provide extraordinary customer service. They embody the resourceful spirit of ARA and they are indispensable to our success. These are some of the unsung heroes of our Group. We are proud to share in their achievements.”

—
Edward Federman



Name: Acacio Silva Santos
Job Title: Cleaner
Division: ARA Property Services
Location: Fitzroy VIC

“Acacio is a dedicated employee, who conducts cleaning services at multiple buildings. He is always commended for being very approachable, polite, friendly, trustworthy and a highly reliable team member.”

Paul McCann, Managing Director
ARA Property Services



Name: Andrew Miller
Job Title: General Manager
Division: ARA Products
Location: Belrose NSW

“As one of the longest serving employees of ISCS, Andrew shows great leadership and a depth of product knowledge that is lauded by his peers and the security industry in general.”

Stuart Harmer, Managing Director
ARA Products



Name: Anthony Demasi
Job Title: Service Manager
Division: ARA Fire
Location: Derrimut VIC

“Anthony is well respected by the industry, his team and all of those around him. He is always available to his customers and team 24/7 and leads by example with his friendly, supportive and positive can do attitude.”

Rob Pantazis, Director
ARA Fire



Name: Ashwin Kumar
Job Title: Remedial Builder
Division: ARA Building Services
Location: Kingsgrove NSW

“Ashwin is a very quiet achiever who is popular among his peers as he is always a great help on any project. Ashwin has many great skills, we are very privileged to have him in ARA Building Services.”

Tony Murr, Managing Director
ARA Building Services



Name: Geoff Lean
Job Title: Operations Manager
Division: ARA Fire
Location: Derrimut VIC

“Geoff has excellent business acumen with customer focus and understanding. He has been a guiding force in the implementation of our asset management tool and has assisted many new up and coming managers with sound advice and mentorship based on his strong ethical values.”

Rob Pantazis, Director
ARA Fire



Name: George Trappel
Job Title: Project Manager
Division: ARA Electrical
Location: Singleton NSW

“No job is too big or small for George and he will give his all to get the task done. He has a can do attitude and is respected by all staff. It has been a pleasure watching George progress from a linesman through the ranks to his current role of project manager.”

Darrell Milne, Branch Manager
ARA Electrical



Name: Greig Anthony
Job Title: Electrician
Division: ARA Fire
Location: Perth WA

“Greig is the consummate team player. He is always willing to assist whomever, whenever without fuss or question and is highly regarded by his customers and often asked for by name. Greig’s expertise and his unwavering willingness to assist all the time epitomises the ARA Team culture.”

Ashley Knapp, Director
ARA Fire



Name: Juan Clavijo
Job Title: Accounts Receivable Supervisor
Division: ARA Electrical
Location: Unanderra NSW

“Juan demonstrates exceptional communication skills, professionalism, dedication and focus in his role. Highly regarded by his peers and management, Juan is an outstanding employee that goes above and beyond to deliver results.”

David Hides, Chief Financial Officer
ARA Electrical



Name: Bridget Groves
Job Title: Branch Manager
Division: ARA Fire
Location: Bundaberg QLD

“Bridget is extremely hard working, and respected by both her contractors and our clients. Bridget and the Bundy team have been a strong performer thanks to the high quality service levels that are part of the culture created by this wonderful person.”

Darren Walsh, Director
ARA Fire



Name: Craig Scott
Job Title: General Hand
Division: ARA Manufacture
Location: Derrimut VIC

“The work ethic and care factor of Craig is outstanding. His enthusiasm and positive, can do attitude is contagious. Whenever he has finished his work, Craig asks what else needs to be done or just picks up a broom. He is the heart and soul of our Derrimut factory and we feel very lucky to have him.”

Andrew Briggs, Operations Manager
ARA Manufacture



Name: David McPherson
Job Title: Project Manager
Division: ISM / Lockin / ARA Building Services
Location: Melbourne VIC

“Working hard and being non-expectant of reward, being reliable and an all-round team player. Dealing with difficult clients in positive but assertive ways and managing his teams the same way. His positive “can do” attitude is infectious.”

Tony Murr, Managing Director
ARA Building Services



Name: Dipak Kumar Chaudhari
Job Title: Supervisor
Division: ARA Property Services
Location: Melbourne VIC

“Dipak is honest, reliable and hard working. He takes great pride in his work outcomes and achieves them to a high standard. Dipak’s communication with the client and his cleaners is outstanding.”

Paul McCann, Managing Director
ARA Property Services



Name: Justin Harris
Job Title: Service Supervisor
Division: ARA Electrical
Location: Central NSW

“Justin’s commitment, work ethic and drive to ensure customer satisfaction is first class. He is highly motivated and has a positive can do attitude tackling any task presented, no matter how large or small it may be.”

Adam Shepherd, General Manager - Southern & Central Regions
ARA Electrical



Name: Karl Hupp
Job Title: Senior Technician
Division: ARA Security / Servcore
Location: Sydney NSW

“Karl’s attention to quality work and focus on the customer is extremely strong. We have senior managers from our customer’s mission critical sites constantly singling him out around the work ethic and quality of work which keeps the customers coming back.”

Darren Burnnand, General Manager
Servcore



Name: Lorraine Ramakers
Job Title: Service Administrator
Division: Metalbilt
Location: Wellington NZ

“Long service history with the company (25+ years) and is a key contributor to the Wellington business unit. Lorraine is integral to delivering exceptional service to our customers.”

Paul Hancock, General Manager
Metalbilt



Name: Luke Qi
Job Title: Accountant
Division: ARA Products
Location: Belrose NSW

“Whatever task we ask of Luke it is never a problem with an ever willing can do attitude, he exemplifies the culture that makes our business great. As a quite achiever it is fantastic to see Luke rewarded for his work and commitment to the ARA Group.”

Stuart Harmer, Managing Director
ARA Products





Name: Mariappa Gaunder
Job Title: Leading Hand
Division: ARA Electrical
Location: Minto NSW

"Mariappa is an excellent leader. His work ethic, dedication and contribution to the company is exemplary. He is always willing to go that extra mile, to ensure projects are completed at the highest quality and leads his team in striving for perfection."

Mile Belevski, General Manager JBM ARA Electrical



Name: Mark Haskell
Job Title: Sprinkler Fitter
Division: ARA Fire
Location: Perth WA

"Mark's attitude and commitment to ARA and his customers is second to none. Mark is unwavering in reliability, readiness and effort to assist. He is a dedicated worker no matter what the task is at hand and he is always committed 100%."

Ashley Knapp, Director ARA Fire



Name: Matt Walton
Job Title: Service Supervisor
Division: ARA Mechanical
Location: Cheltenham VIC

"Matt's dedication to personal development, customer service and the Environmental Automation brand was a major reason for the Victorian office's stability and success through the setbacks faced in the last financial year."

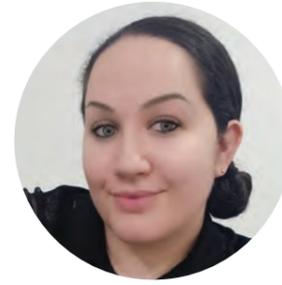
Phil Harding, Managing Director ARA Mechanical



Name: Maxwell Lumsden
Job Title: Cleaner
Division: ARA Indigenous Services
Location: Sydney NSW

"Since taking the lead at 10 Spring St, Max has quickly become the face of ARA Indigenous Services at the building. Max works tirelessly with Building management, Security and the tenants to ensure quality outcomes for all parties."

Paul McCann, Managing Director ARA Property Services



Name: Rebekah Wootton
Job Title: Schedule Coordinator
Division: Thermoscan / ARA Building Services
Location: Slacks Creek QLD

"With constant reschedules and reconfirming due to constantly changing covid restrictions, she knuckles down and gets it done. We know we can pass anything to her and trust it will be sorted/actioned."

Tony Murr, Managing Director ARA Building Services



Name: Richard Wapanialu
Job Title: Service Supervisor
Division: ARA Mechanical
Location: Kingsgrove NSW

"Richard's can-do attitude is second to none and has certainly brought in new clients and new opportunities to the Environmental Automation business in this calendar year. I highly commend Richard as our unsung Hero for the Environmental Automation Business."

Phil Harding, Managing Director ARA Mechanical



Name: Michael Ralph
Job Title: Defence Mechanical Fitter
Division: ARA Fire / WLST
Location: Henderson WA

"Michael's expertise and knowledge with Defence Fire Fighting Systems, in particular the Halon system onboard ANZAC class, has been instrumental in sustaining this fragile system for the Navy."

Ashley Knapp, Director ARA Fire



Name: Misho Gulumian
Job Title: Project & Service Coordinator
Division: ARA Building Services
Location: Kingsgrove NSW

"Misho in his short time with ARA has very quickly become a in demand resource due to his can do approach to all tasks. He is a fast learner and ensures our customers are receiving fantastic service all the time."

Tony Murr, Managing Director ARA Building Services



Name: Nathan Murray
Job Title: Engineering Manager
Division: ARA Electrical
Location: Unanderra NSW

"Nathan is extremely dedicated, professional and hardworking, leading the High Voltage Design businesses in the Southern and Northern Regions. His focus is ensuring excellent customer service and supporting ARA Electrical as well as the wider ARA Group."

Jason Moore, Managing Director ARA Electrical



Name: Nathan Sciberras
Job Title: Fire Alarm Technician
Division: ARA Fire
Location: Kings Park NSW

"Highly regarded by all the clients Nathan comes into contact with, he provides outstanding internal and external service levels, and is an absolute pleasure to deal with, making this a deserving reward."

Darren Walsh, Director ARA Fire



Name: Rohan Tobler
Job Title: Strategy & Growth Manager
Division: ARA Indigenous Services
Location: Kingsgrove NSW

"The collaboration between ARA Indigenous Services and the ARA Group is very important. Rohan's positive attitude and hard work has increased both Indigenous employment and client contracts."

Michael O'Loughlin, Managing Director ARA Indigenous Services



Name: Susan Edmunds
Job Title: Supervisor
Division: ARA Indigenous Services
Location: Canberra ACT

"Susan is a dedicated employee; she has an amazing work ethic and always goes above and beyond for her team and our client. Her problem solving skills are fantastic and always achieves the outcome required."

Michael O'Loughlin, Managing Director ARA Indigenous Services



Name: Noel Vickery
Job Title: Head of Risk & Insurance
Division: ARA Group
Location: Adelaide SA

"Noel is very hard working, very approachable and always willing to provide good commercial advice whilst at the same time making sure we do not put the Group at too much risk."

Allison McCann, Chief Financial Officer ARA Group



Name: Paul Weldone
Job Title: Accountant
Division: ARA Property Services
Location: Hawthorn VIC

"Paul is a very hard working individual who consistently challenges himself to work better. He has a remarkable can-do attitude at all times, reliable and gives 100% to every task."

Paul McCann, Managing Director ARA Property Services



Name: Phoebe Wang
Job Title: Project Manager
Division: ARA Security
Location: Melbourne VIC

"Phoebe is responsible for both state and national projects delivery for our financial institution clients and has been instrumental for the successful outcomes achieved to date, particularly during the challenges of the covid lockdowns in VIC over the last 12 months."

Tony Franov, Managing Director ARA Security



Name: Preethi Sheela
Job Title: Office Administrator
Division: Leda / ARA Building Services
Location: North Parramatta NSW

"Preethi's Product and Project knowledge has grown, and she now supports not only her team in NSW, but all teams in Leda, nothing is ever too much, and she is the true definition of a team player."

Tony Murr, Managing Director ARA Building Services



Name: Bill (Zhengbing) Jin
Job Title: Final Door Assembly
Division: ARA Manufacture
Location: Regency Park SA

"When the factory is under pressure and the customer needs their product on critical timing, Bill's willingness to put in extra effort and longer hours if needed, being hands on and also leading, he ensures that ARA Manufacture can supply the best quality doors to the Australian market."

Rob Mucha, Production Manager ARA Manufacture



Name: Zuhaib Obaidullah
Job Title: Professional Services Team Leader
Division: ARA Security / ECS
Location: Bella Vista NSW

"Zuhaib's commitment to ARA Security is unquestionable. Always demonstrating a can do attitude, where no task is a problem, Zuhaib is a highly valued and respected member of our team."

Tony Franov, Managing Director ARA Security

Thank you to The Unsung Heroes of the ARA Group



Conservation, Charity, Literature, the Arts, Sports

ARA Group and Social Responsibility

There are many studies of management and organisations that conclude a business performs better if it takes its responsibility to the communities in which it operates seriously.

Accepting that ARA is a vibrant member of the larger community where we work, is an inherent part of the culture that has evolved within ARA during the past twenty years.

Responsible leadership of an organisation in today's world necessitates the allocation of some resources to assist those in our midst who are at a disadvantage. At ARA, we believe that it is possible to pursue profitable growth in the business whilst simultaneously making a positive social impact. Increasingly, our employees, our shareholders and

our customers are demanding that ARA contributes to the community. ARA is evaluated in many circles in which we operate by the social impact the company makes.

We have made many significant commitments to make the world around us a better place. Although we have had a major focus on the arts and literature, there have been many parts of the community we have supported in times of need resulting from natural disasters in the past. We are proud in the past year to have taken on the following initiatives.



Taronga Zoo

"Taronga Conservation Society Australia is truly grateful for the support from ARA Group. Our partnership has spanned well over a decade and we are excited to see how we can continue to work together. The support ARA provides allows Taronga to conduct vital conservation work – from breed for release programs bringing Regent Honeyeaters back from the brink of extinction to housing the largest coral bank in the world ready to return coral to the Great Barrier Reef, Taronga's work is wide ranging. And, we thank ARA for their partnership which enables Taronga to continue to conduct this incredibly important conservation work both here and abroad."

Cameron Kerr AO
Chief Executive

Sydney Writers' Festival & Russ the Bus

"The Sydney Writers' Festival plays a vital role in developing Australia's literary landscape. Through the generous financial support of ARA, the Sydney Writers' Festival is able to engage more than 400 writers who take part in over 150 conversations, debates, performances and panel discussions. For the audience of more than 80,000 people this is the opportunity to hear from writers they love, and connect with new ones. While literature remains at the heart of what the Sydney Writers' Festival does, it is through the power of shared conversation and the exchange of ideas, that the Festival is able to connect with the community in a meaningful way. ARA's support further expands to foster a deeper engagement with books and reading through the SWF outreach program, Russ the Story Bus. This initiative reaches over 8000 students from disadvantaged areas, giving them the chance to hear from an author in their school, and take a book home to keep."

Brooke Webb
Chief Executive Officer



Givit

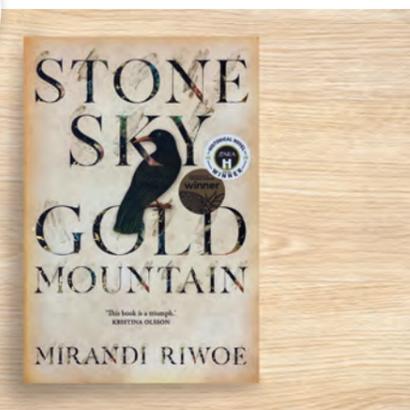
"In March 2021, devastating floods hit widespread parts of NSW and Queensland, destroying homes and livelihoods. ARA Group's donation of \$100,000 to national online charity GIVIT meant that urgent material support could be provided to communities impacted. GIVIT works with frontline charities and community groups to ensure people get exactly what they need, when they needed it. From rural supplies for farmers whose properties had been destroyed, to vouchers for residents of a caravan park who had lost everything; ARA Group's generous donation helped communities get back on their feet as they began their road to recovery."

Caroline Odgers
Corporate Partnerships Manager

Monkey Baa Theatre

"ARA's support of Monkey Baa, and its belief in children's theatre, has been vital in our ability to traverse the devastating impacts of the global pandemic on the Arts sector. Your sponsorship will ensure that all children will continue to have the opportunity to experience immersive, live experiences that will broaden their perspectives, inspire their imaginations, and discover and develop hope... which now, more than ever, is so important for young hearts and minds."

Eva Di Cesare
Artistic Director



Historical Novel Society Australasia

"Raising the profile of historical fiction in Australia and New Zealand has been the mission of the Historical Novel Society Australasia since its inception. It was serendipity and our good fortune to discover Edward Federman had the same vision. The ARA Group has supported our biennial conferences since 2017. The inauguration of the ARA Historical Novel Prize in 2020 has enabled talented historical novelists to be recognised and rewarded in a class of their own. The increase of prize monies to \$100,000 this year has made it the richest genre prize in our region. We're proud and grateful to partner with the ARA Group to establish this new award in the Australasian literary calendar."

Elisabeth Storrs
HNSA Chair and Program Director



The Carrolup Story

"With your help, Curtin University is creating a permanent home for the precious Carrolup artworks, allowing their important lessons to be widely shared with our local, national and international communities and encouraging us to walk together towards a more just and inclusive future."

Tim McInnis
Chief Advancement Officer
Corporate Relations



Melbourne Writers Festival

"Melbourne Writers Festival is thrilled to welcome the ARA Group as its Principal Partner from 2021. ARA's support is critical to Melbourne Writers Festival in the years ahead. Through the partnership, ARA supports writers from Australia and across the world. Together we celebrate creativity and shared storytelling which helps unite and connect the world. Thank you to Ed and the ARA team."

Rebecca MacFarling
Chief Executive Officer



NIDA

"ARA is the Principal Partner for Property Services for the National Institute of Dramatic Art (NIDA) supporting the expenses of education and training for the Higher Education courses, conducted at its world class theatre and training facilities in Kensington, Sydney. The sponsorship also includes support of the ARA Indigenous scholarships which help fund the students' living expenses while studying at NIDA."

The 2020 student ARA Indigenous scholarship recipients studied in the Bachelor of Fine Arts, Properties and Objects, the Bachelor of Fine Arts, Technical Theatre and the Stage Management and Bachelor of Fine Arts, Costume course."

Lisa Hamilton
Head of Development and Alumni

Story Factory

"We were delighted when ARA Group came on to support us this year. It is a truly enlightened corporate partnership: it's not about sponsorship or branding, it's about making a real difference in the community. Thanks to ARA, we are building the writing skills, confidence and creativity of hundreds more young people in under-resourced communities across Sydney. On behalf of all of them, thank you so much!"

Dr Catherine Keenan AM
Co-founder and executive director



ARA Pro Racing

"The steadfast and passionate support of the ARA Group to the Australian Cycling Academy and our ARA Pro Racing Sunshine Coast team riders through what has been a challenging time for all; has been simply phenomenal. This support has enabled our young riders the confidence to continue to study, to train and compete at the elite level where possible. Amongst our standout results, two young local riders, Alistair MacKellar and Taj Jones secured World Tour contracts, Maeve Plouffe and Alastair Donohoe won selection to the Australian Tokyo 2020 Olympic team and our riders have won multiple podium results across Australia. On behalf of the team - we thank you!"

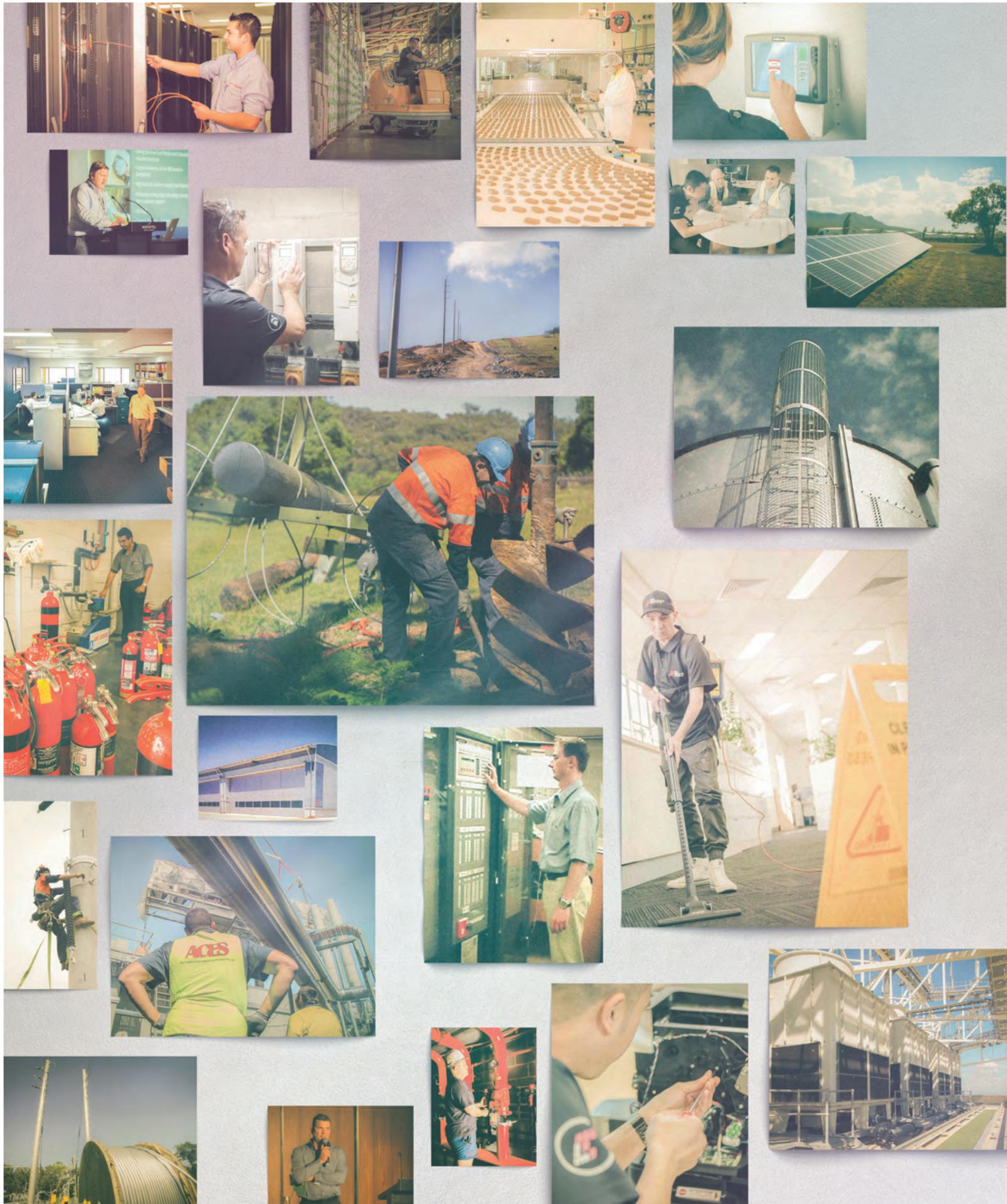
Ben Kersten
Managing Director ACA



In 2009, we established the ARA Endowment Fund as part of our mission to create a lasting legacy of support for our community. Our goal is to grow the principal balance of the Fund and provide meaningful donations in perpetuity. The Fund is a registered Australian charity in its own right.

Every year, 100% of the annual interest earned on the Fund balance is donated to three select partnerships: The GO Foundation, The Indigenous Literacy Foundation and The David Lynch Foundation.





Section

03

ARA Initiatives

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ARA Growth

Through Acquisition

Throughout the twenty years of ARA, we have tried to grow the business organically through market share growth and the opening of new offices as well as through strategic acquisitions. We have targeted acquisitions to add complementary products and services and to increase our overall operating margin. We have been very disciplined in our approach to acquisitions including being consistent with the valuation process. Borrowings from our bank facilities, operating cash flow and the use of ARA shares have consistently been the sources we have used to effect the acquisitions. We have persistently been able to maintain a leverage ratio below two times. Keeping our balance sheet strong and not highly leveraged has always been a guiding principle.

\$28.3 million was spent on acquisitions made during financial year 2021. There was a focus on expanding the manufacturing businesses in Australia and New Zealand. We also significantly expanded our electrical capabilities with an emphasis on additional service capabilities and an expansion of our geographical footprint.

“We have targeted acquisitions to add complementary products and services and to increase our overall operating margin.”

Edward Federman

• ARA Manufacture

CAM Shelters & Walkways



CAM Shelters and Walkways adds complementary products to the Leda Security range of products. CAM (now rebranded as ARA Shelters and Structures) is New Zealand's leading supplier of shelters, covered walkways and larger public transport structures. CAM offers a complete turnkey solution with its experienced team of design engineers, fabricators and installers. CAM incorporates Leda bicycle racks in many of its shelters. We now have the capability to grow the shelter and structure business in Australia with CAM's high quality designs and products.

• ARA Security

Servcore



Servcore is an electrical and communications installation and service company that focuses on the service of IT infrastructure in mission critical environments. Servcore has the capability to provide breakdown, planned and preventative maintenance throughout Australia and New Zealand. Servcore adds specialised electrical capabilities to ARA as well as significant geographic coverage.

In addition to the additional capabilities of Servcore, ARA expanded its geographic coverage of commercial electrical service with an acquisition of an electrical service business in Melbourne.

• ARA Electrical

JBM Power



JBM Power was acquired during the fourth quarter. JBM designs, engineers and manufactures electrical switchboards, PLC's, control panels and portable switch rooms. JBM utilises state of the art manufacturing equipment including turret punches, CNC press brakes and CNC laser cutting machinery. JBM has significant capacity as it occupies a 5,000 square metre factory. Since the acquisition, ARA and JBM has invested in additional fibre laser cutting capacity.

JBM's switchboards and motor control centres are part of the electrical plants of water management corporations, mines and other critical applications.

• ARA Fire

Wiltrading STACE



The ARA Fire Division made a business altering acquisition of a life safety systems service business. Wiltrading STACE has a strong, expert presence and long history in providing safety inspections, testing, certification, servicing, engineering services, project management and asset management to the Marine & Offshore, Industrial and Defence sectors. With OEM accreditation and regulatory approvals, highly trained and knowledgeable service technicians and facilities strategically located around Australia, Wiltrading STACE deliver critical services that enable their customers to meet the necessary safety and certification requirements to continue operating. This acquisition increases the service capabilities of ARA Fire as well as increases the geographic coverage of ARA Fire to Karratha, WA, Darwin, NT and Cairns, QLD.

• ARA Manufacture

Australian Commercial Doors



Subsequent to the end of the financial year, ARA Manufacture has acquired Australian Commercial Doors (ACD), a leading manufacturer of fire doors, acoustic doors, fire rated windows, metal door products and other specialised doors. ACD is located in Melbourne.

• ARA Manufacture

Tru-Bilt Industries



In addition to the acquisition of CAM, ARA Manufacture acquired well-regarded product lines in New Zealand from Tru-Bilt Industries. These were a range of commercial and industrial doors and docking solutions for warehouses.

• ARA Mechanical

Ducted Air Solutions



The ARA Mechanical Division expanded its service offerings with the acquisition of Ducted Air Solutions (DAS). DAS specialises in the hygiene remediation and restoration of industrial and commercial ventilation systems. With an increased awareness of air quality in offices and hospitals, ARA Mechanical is well placed to increase its service business in Brisbane and Sydney.



ARA Growth

Through Manufacturing In Australia & New Zealand

During the course of the past twenty years, ARA has steadily invested in its ability to manufacture building products to complement its building service capabilities. The first acquisition ARA made in 2001 was Sealeck Doors, a manufacturer of steel doors in Adelaide. At the time of this initial acquisition, Sealeck's annual revenue was approximately \$4 million. Today, the annual revenue of all manufacturing within ARA is approximately \$120 million.

There has been a strong strategic focus on increasing ARA's manufacturing capability. This has been fortuitous. The COVID pandemic around the world has thrown supply chains into disarray. There has been an increased interest in the Australian and New Zealand economies to produce products locally and move away from the importing of goods produced offshore.

For example, up until 2014, ARA was a large supplier of steel doors to manufacturers of demountable buildings. At that time, a major customer began to purchase their doors from an overseas supplier to save money. During the past year, that same customer came back to ARA Manufacture. They were tired of having to purchase container loads of products, the quality was not as good as ARA's, the choice of colours of the doors was limited and ARA provided just in time deliveries. The slightly more expensive doors manufactured in Australia solved many problems for our customer.

Our considerable strengths are in the following areas:

- Industrial doors – steel and aluminium
- Commercial doors – steel and timber
- Fire doors – steel and timber
- Acoustic doors
- Bullet proof, blast proof, ballistic resistant doors, windows, pass throughs, counters
- Security cabinets
- Steel and aluminium structures
- Bicycle racks and shelters
- Bollards
- Gates
- Commercial interior furniture
- Switch boards
- Switch rooms

Recently, there have been COVID variants creating stress on various economies around the world. In addition to the COVID pandemic there have been natural disasters and cyber-attacks that have further disrupted global supply chains. There are risks to the economies of Australia and New Zealand as a result of the supply chain challenges. Manufacturing products in Australia and New Zealand is one way to offset these challenges and disruptions.

The Australian Federal Government issued an interim report Vulnerable Supply Chains in March 2021. In the report, the Government noted, "Australia drank the free-trade juice and decided that off-shoring was OK. Well, that era is gone....We've got to now realise we've got to really look at on-shoring capabilities." The Australian Government has identified manufacturing as a way to "boost supply chain resilience." In New Zealand, Business New Zealand reported in June 2021 "Production and new orders continued to increase at a solid pace, while the pace of job creation accelerated to the fastest since August 2017. Finished stocks and deliveries of raw materials increased above their respective historical averages...." In summary, manufacturing in both Australia and New Zealand is expanding strongly.

Given all the problems in the world, we believe that ARA's strategy to focus upon growing our manufacturing capabilities is appropriate for our business in Australia and New Zealand. It is our intention to continue to find opportunities to grow our manufacturing business.

Photographs

All products shown are manufactured in Australia and New Zealand.



ARA Group

In conjunction with ARA Indigenous Services

ARA is very fortunate to be in partnership with Michael O'Loughlin's ARA Indigenous Services business. At the time we became partners four years ago, ARA Indigenous Services was solely a cleaning business. The business has continued its cleaning and property services business, but during the past year, it has become so much more.

Many of our customers are looking for meaningful Indigenous engagement in Australia. The ARA Indigenous Services business provides that vehicle. During the past four years we have worked to integrate the various ARA service and installation capabilities with ARA Indigenous Services.

ARA Fire is now delivering several major fire protection maintenance contracts in conjunction with ARA Indigenous Services. ARA Fire is also delivering a major fire sprinkler installation contract as part of a large infrastructure project with ARA Indigenous Services as the contractor of record.

ARA Security is installing an electronic security system in a government building in conjunction with ARA Indigenous Services. In addition, ARA Security and ARA Indigenous Services are collaborating on two major infrastructure projects.

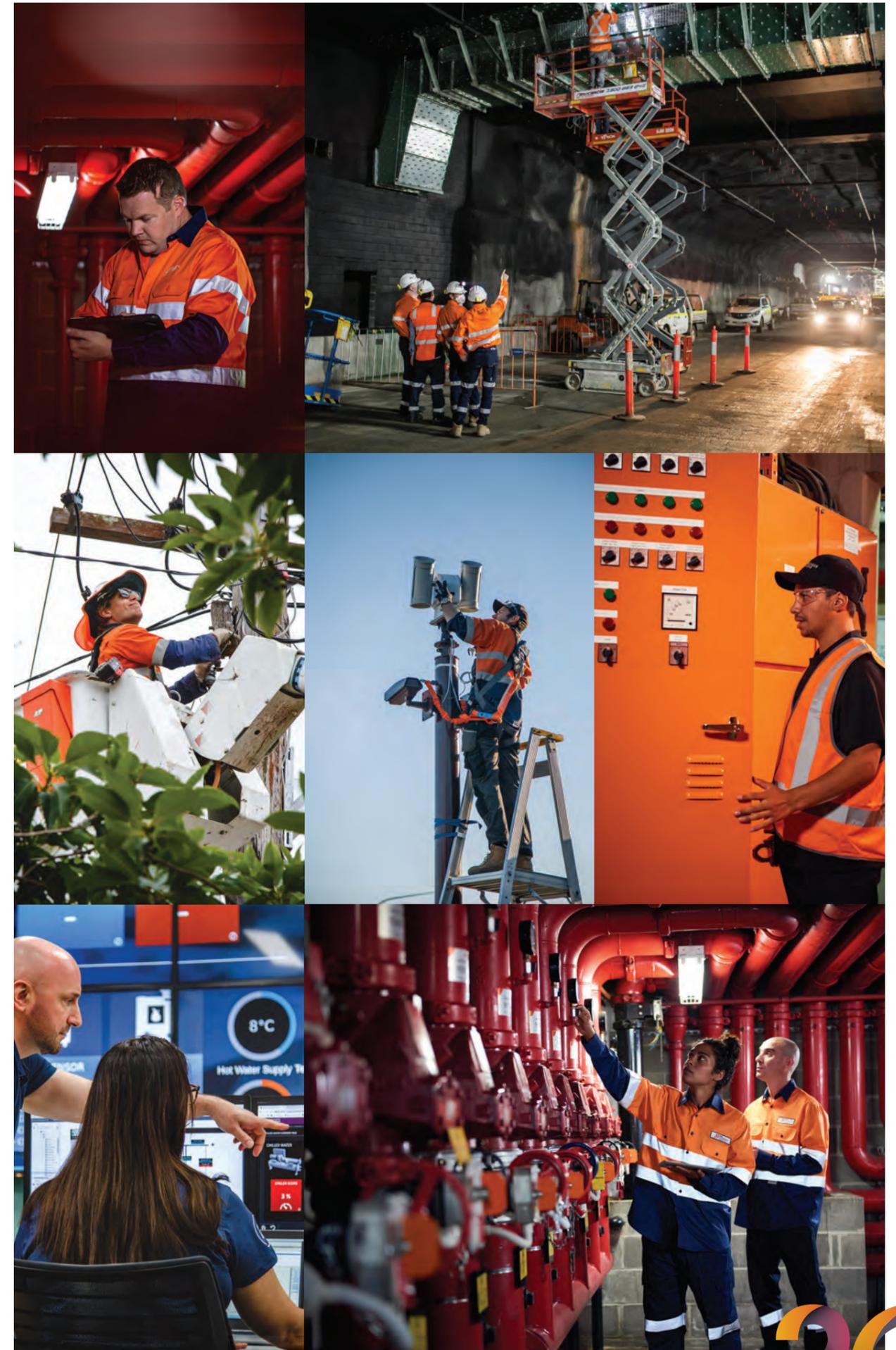
ARA Mechanical and ARA Indigenous Services are collaborating on two major infrastructure projects and a New South Wales school upgrade.

ARA Electrical, ARA Mechanical and ARA Security are working together on a multi-services installation project as sub-contractors of ARA Indigenous.

In all these opportunities to deliver ARA technical capabilities through ARA Indigenous, the ARA Indigenous engagement is taken very seriously. Each of the projects noted above all have meaningful Indigenous employment. The overall Indigenous employment throughout the ARA Group exceeds the national Indigenous percentage of the total Australian population. ARA Indigenous Services personnel provide cultural awareness training within the ARA Group and with any customer who requests such training. Whenever possible, material purchases are made from Indigenous suppliers.

Further to the work undertaken collaboratively, as described above, the ARA Group makes meaningful contributions to Indigenous organisations and individuals. The ARA Endowment Fund contributes to the GO Foundation, an organisation which provides education scholarships for Indigenous youth, and the Indigenous Literacy Foundation. The ARA Group provides three scholarships to Indigenous students at the National Institute of Dramatic Arts.

The ARA Group and ARA Indigenous Services takes very seriously our role in providing meaningful opportunities for Indigenous and Torres Strait Islander Australians. We are serious in meeting our goals for reconciliation in Australia.





Section

04

ARA Divisions

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2021
Revenue

\$576 Million

Revenue
Comprised of

60%
Service

18%
Construction

19%
Product

3%
Infrastructure



\$82 Million

Revenue
By Division

Integration of & solutions for electronic security



- Access Control
- CCTV
- ATM Security & Guarding
- Electronic Security Solutions
- Safes, Vaults & Teller Units
- Locksmith Services



\$59 Million

Energy management for commercial buildings



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



\$147 Million

Commercial cleaning & building services



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



\$109 Million

Electrical, high voltage, data & engineering



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



\$72 Million

All aspects of fire protection



- Inspection & Testing
- Sprinkler Systems
- Detection & EWIS Systems
- Passive & Fire Doors
- Portable Systems
- Special Hazards
- Oxygen Reduction
- Pipe Fabrication



\$107 Million

Distribution & manufacturing



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



\$27 Million*

Commercial cleaning services



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

*Revenue is included in the ARA Property Services total.



ARA Group Our Locations

Security

ACT
Fyshwick
NSW
Bella Vista
Kingsgrove
QLD
Loganholme
SA
Regency Park
VIC
South Melbourne
WA
Balcatta
NEW ZEALAND
Auckland
Kerikeri
Wellington

Property & Building

NSW
Parramatta
Kingsgrove
Tuggerah
QLD
Slacks Creek
Milton
SA
Regency Park
Eastwood
VIC
Airport West
Hawthorn
WA
Balcatta

Mechanical

ACT
Fyshwick
NSW
Kingsgrove
Orange
Tuggerah
QLD
Tingalpa
VIC
Cheltenham

Fire / WLST

ACT
Fyshwick
NSW
Kings Park
Tuggerah
Alexandria
Stanmore
QLD
Bundaberg
Gladstone
Kingston
Loganholme
Portsmith
SA
Regency Park
VIC
Derrimut
WA
Balcatta
Gap Ridge
Henderson
Kalgoorlie
NT
East Arm

Products

NSW
Belrose
Caringbah
Rydalmere
QLD
Loganholme
SA
Regency Park
VIC
Bays Water
Derrimut
Port Melbourne
NEW ZEALAND
Auckland
Christchurch
Glenfield
Wellington

Electrical

NSW
Baulkham Hills
Heatherbrae
Ingleburn
Minto
Nowra
Seven Hills
Singleton
Unanderra
QLD
Tingalpa
VIC
Tullamarine
NT
Woolner

Indigenous Services

NSW
Kingsgrove
VIC
Hawthorn

Our Leadership Team

The vast majority of ARA's Senior Management Team have been with ARA for over a decade. The continuity of their leadership has been critical to our success. This team has worked together to build and maintain our strong culture of service to our customers, whilst valuing the hard work of our employees and encouraging collaboration for the benefit of the Group.



Edward Federman

Co-founder, Chief Executive Officer
ARA Group / ARA Fire
Executive Chair, Director ARA Group
20 years with ARA



Allison McCann

Chief Financial Officer
ARA Group
Director ARA Group
11 years with ARA



Brett Chambers

Director
ARA Electrical
Director ARA Group
20 years with ARA



Tony Franov

Managing Director
ARA Security
Director ARA Group
20 years with ARA



Mark Pamula

Managing Director
ARA Manufacture
20 years with ARA



Tony Murr

Managing Director
ARA Building Services
17 years with ARA



Phil Harding

Managing Director
ARA Mechanical
15 years with ARA



Stuart Harmer

Managing Director
ARA Products
12 years with ARA



Jason Moore

Managing Director
ARA Electrical
11 years with ARA



Paul McCann

Managing Director
ARA Property Services
4 years with ARA - 27 years with CMC



Michael O'Loughlin

Managing Director
ARA Indigenous Services
4 years with ARA





Section

05

Audited Financial Statements

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Directors' report

The Directors of ARA Group Limited (ARA Group) are pleased to present this Directors' report to the members of ARA Group (ARA) for the financial year ended 30 June 2021. The Directors' report is set out in the following sections:

The Directors' report is set out in the following sections: **Leases**, **Directors**, **Edward Federman (Executive Director and Executive Chair)**, **Leo Browne (Non-Executive Director)**, **James Marshall (Non-Executive Director)**, **Brett Chambers (Executive Director)**, **Norbert Schweizer OAM (Non-Executive Director)**, **Allison McCann (Executive Director and Company Secretary)**, **Tony Franov (Executive Director)** and **David Sefton (Company Secretary)**.

Directors

The Directors of ARA Group are Edward Federman, Leo Browne, James Marshall, Brett Chambers, Norbert Schweizer, Allison McCann, Tony Franov and David Sefton.

Edward Federman (Executive Director and Executive Chair)

Edward Federman is the Executive Director and Executive Chair of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

Leo Browne (Non-Executive Director)

Leo Browne is a Non-Executive Director of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

James Marshall (Non-Executive Director)

James Marshall is a Non-Executive Director of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

Brett Chambers (Executive Director)

Brett Chambers is the Executive Director of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

Norbert Schweizer OAM (Non-Executive Director)

Norbert Schweizer OAM is a Non-Executive Director of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

Allison McCann (Executive Director and Company Secretary)

Allison McCann is the Executive Director and Company Secretary of ARA Group. She has been a Director of ARA Group since 2014. She is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. She is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

Tony Franov (Executive Director)

Tony Franov is the Executive Director of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

David Sefton (Company Secretary)

David Sefton is the Company Secretary of ARA Group. He has been a Director of ARA Group since 2014. He is also a Director of ARA Group's wholly owned subsidiary, ARA Leases. He is a former Chairman of the ARA Group's Remuneration Committee and a former member of the ARA Group's Audit Committee.

Directors' report (continued)

Directors' meetings

The following table sets out the number of Board meetings held and the number of Board meetings attended by each Director during the financial year ended 30 June 2021. The table also sets out the number of compensation committee meetings held and the number of compensation committee meetings attended by each Director during the financial year ended 30 June 2021.

Directors	Number of Board meetings held	Number of Board meetings attended	Number of compensation committee meetings held	Number of compensation committee meetings attended
Edward Federman	1	1	1	1
Leo Browne	1	1	1	1
James Marshall	1	1	1	1
Brett Chambers	1	1	1	1
Norbert Schweizer	1	1	1	1
Allison McCann	1	1	1	1
Tony Franov	1	1	1	1
David Sefton	1	1	1	1

Results of operations

The ARA Group's operating profit for the financial year ended 30 June 2021 was \$25,604,366 (2020: \$18,778,102). This represents an increase of 36% over the financial year ended 30 June 2020.

The ARA Group's operating profit for the financial year ended 30 June 2021 was \$25,604,366 (2020: \$18,778,102). This represents an increase of 36% over the financial year ended 30 June 2020.

Review of operations

The ARA Group's operating profit for the financial year ended 30 June 2021 was \$25,604,366 (2020: \$18,778,102). This represents an increase of 36% over the financial year ended 30 June 2020. The ARA Group's operating profit for the financial year ended 30 June 2021 was \$25,604,366 (2020: \$18,778,102). This represents an increase of 36% over the financial year ended 30 June 2020.



Directors' report (continued)

Review of operations (continued)

Earnings before interest, tax, depreciation, amortisation and profit sharing expense summary

	2021 (Prior to adjusting for AASB 16)	2020 (Prior to adjusting for AASB 16)	Impact of adoption of AASB 16 in 2021	Impact of adoption of AASB 16 in 2020	2021 Statutory result	2020 Statutory result
	\$	\$	\$	\$	\$	\$
EBITDA (Earnings before interest, tax, depreciation, amortisation and acquisition expense)	46,331,955	36,500,298	12,505,467	11,174,242	58,837,422	47,674,540
EBIT (Earnings before interest and tax)	39,850,382	30,695,051	(218,733)	739,931	39,631,649	31,434,982
Profit before income tax	36,827,348	27,214,641	(2,052,104)	324,280	34,775,244	27,538,921
Profit after income tax	25,604,366	18,778,102	(1,436,473)	226,996	24,167,893	19,005,098

The Group's earnings before interest, tax, depreciation, amortisation and profit sharing expense (EBITDA) for 2021 was \$46,331,955, an increase of 27% from \$36,500,298 in 2020. This increase was primarily driven by higher earnings before interest and tax (EBIT) of \$39,850,382 in 2021 compared to \$30,695,051 in 2020, reflecting a 30% increase in EBIT. The increase in EBIT was primarily due to higher revenue and lower operating expenses.

The Group's EBIT for 2021 was \$39,850,382, an increase of 30% from \$30,695,051 in 2020. This increase was primarily due to higher revenue and lower operating expenses. The increase in revenue was primarily due to higher sales volume and higher prices.

The Group's profit before income tax for 2021 was \$36,827,348, an increase of 35% from \$27,214,641 in 2020. This increase was primarily due to higher EBIT and lower interest expense. The increase in EBIT was primarily due to higher revenue and lower operating expenses.

The Group's profit after income tax for 2021 was \$25,604,366, an increase of 36% from \$18,778,102 in 2020. This increase was primarily due to higher profit before income tax and lower income tax expense.

Principal activities

The Group's principal activities are the provision of financial services, including the provision of loans, deposits, and other financial products. The Group's revenue is primarily derived from interest income on loans and deposits, and from fees and commissions. The Group's operating expenses are primarily related to the provision of financial services, including salaries and wages, depreciation, and other operating expenses.

Directors' report (continued)

Significant changes in the state of affairs

The Group has not experienced any significant changes in the state of affairs during the reporting period.

The Group's financial performance for 2021 was strong, with EBITDA increasing by 27% from 2020. This increase was primarily driven by higher earnings before interest and tax (EBIT) of \$39,850,382 in 2021 compared to \$30,695,051 in 2020, reflecting a 30% increase in EBIT. The increase in EBIT was primarily due to higher revenue and lower operating expenses.

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The Group's profit after income tax for 2021 was \$25,604,366, an increase of 36% from \$18,778,102 in 2020. This increase was primarily due to higher profit before income tax and lower income tax expense.

Significant events after the reporting period

The Group has not experienced any significant events after the reporting period.

The Group's financial performance for 2021 was strong, with EBITDA increasing by 27% from 2020. This increase was primarily driven by higher earnings before interest and tax (EBIT) of \$39,850,382 in 2021 compared to \$30,695,051 in 2020, reflecting a 30% increase in EBIT. The increase in EBIT was primarily due to higher revenue and lower operating expenses.

The Group's EBIT for 2021 was \$39,850,382, an increase of 30% from \$30,695,051 in 2020. This increase was primarily due to higher revenue and lower operating expenses. The increase in revenue was primarily due to higher sales volume and higher prices.

Future developments

The Group's future developments are primarily related to the provision of financial services, including the provision of loans, deposits, and other financial products. The Group's revenue is primarily derived from interest income on loans and deposits, and from fees and commissions. The Group's operating expenses are primarily related to the provision of financial services, including salaries and wages, depreciation, and other operating expenses.

The Group's financial performance for 2021 was strong, with EBITDA increasing by 27% from 2020. This increase was primarily driven by higher earnings before interest and tax (EBIT) of \$39,850,382 in 2021 compared to \$30,695,051 in 2020, reflecting a 30% increase in EBIT. The increase in EBIT was primarily due to higher revenue and lower operating expenses.



Directors' report (continued)

Future developments (continued)

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

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

Directors' report (continued)

Auditor's independence declaration

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

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

Edward Federman
Executive Director
Sydney
6 August 2021

Environmental regulations

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

Dividends

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

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The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

Share options

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

Indemnification and insurance of directors and officers

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

Indemnification of auditor

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.

Proceedings on behalf of the Company

The directors have received a declaration from the auditor of ARA Group Limited and Controlled Entities. This has been included on page 43.



Consolidated statement of financial position

As at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Trade receivables	□	1,234,567	1,123,456
Prepaid expenses	□□	567,890	678,901
Other receivables	□□	123,456	234,567
Inventory	□	345,678	456,789
Total current assets		2,261,591	2,493,713
Non-current assets			
Property, plant and equipment	□□	1,234,567	1,345,678
Intangible assets	□□	567,890	678,901
Financial assets	□□	123,456	234,567
Other non-current assets	□	345,678	456,789
Total non-current assets		2,271,591	2,715,945
Total assets		4,533,182	5,209,658
Liabilities			
Current liabilities			
Trade payables	□□	1,234,567	1,123,456
Other payables	□□	567,890	678,901
Provisions	□□	123,456	234,567
Other current liabilities	□□	345,678	456,789
Total current liabilities		2,271,591	2,493,713
Non-current liabilities			
Long-term debt	□□	1,234,567	1,345,678
Other non-current liabilities	□□	567,890	678,901
Total non-current liabilities		1,802,457	2,024,579
Total liabilities		4,074,048	4,518,292
Net assets		459,134	691,366
Equity			
Equity attributable to equity holders of the Parent	□□□	139,233,169	125,799,572
Other equity	□□□	139,857,404	126,548,306
Total equity		279,090,573	252,347,878

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Contributed equity (Note 20.1) \$	Retained earnings \$	Other reserves (Note 20.2) \$	Non-controlling interests \$	Total equity \$
At 1 July 2019	88,570,325	30,879,122	(3,398,480)	396,278	116,447,245
Profit for the year	□	□	□	□	□
Other comprehensive income	□	□	□	□	□
Dividends paid	□	□	□	□	□
Share-based payments	□	□	□	□	□
Other changes	□	□	□	□	□
At 30 June 2020	93,313,832	35,792,024	(3,306,284)	748,734	126,548,306
At 1 July 2020	93,313,832	35,792,024	(3,306,284)	748,734	126,548,306
Profit for the year	□	□	□	□	□
Other comprehensive income	□	□	□	□	□
Dividends paid	□	□	□	□	□
Share-based payments	□	□	□	□	□
Other changes	□	□	□	□	□
At 30 June 2021	100,555,584	41,722,243	(3,044,658)	624,235	139,857,404

The accompanying notes form part of these financial statements.



Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Operating activities			
Revenue		1,234,567	1,123,456
Cost of sales		(876,543)	(765,432)
Finance income		12,345	23,456
Finance expenses		(34,567)	(45,678)
Income tax expense		(23,456)	(34,567)
Net cash flows from operating activities		69,392,017	28,461,014
Investing activities			
Acquisition of property, plant and equipment		(12,345)	(23,456)
Acquisition of intangible assets		(23,456)	(34,567)
Net cash flows used in investing activities		(34,584,229)	(15,959,749)
Financing activities			
Issue of shares		12,345	23,456
Issue of debt		23,456	34,567
Redemption of debt		(34,567)	(45,678)
Net cash flows used in financing activities		(33,502,279)	(4,105,451)
Cash and cash equivalents at 30 June		29,226,587	27,921,078

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. Corporate information

The consolidated financial statements represent the financial position and performance of the Group (the "Group") and its subsidiaries (the "Subsidiaries") for the year ended 30 June 2021.

The Group is a for-profit entity and is controlled by the Parent Entity. The Parent Entity is a for-profit entity and is controlled by the directors of the Parent Entity.

The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.

The consolidated financial statements are prepared on the basis of the directors' estimates and judgments. The directors' estimates and judgments are based on the information available to them at the time of preparing the consolidated financial statements.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries. The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.

The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries. The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.

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The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries. The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries. The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.

Standards issued but not yet effective

The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries. The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Effective for reporting periods beginning on or after 1 July 2021)

The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries. The consolidated financial statements are prepared on the basis of the Parent Entity's financial statements and the financial statements of the Subsidiaries.



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

d) Property, plant and equipment (continued)

Depreciation

Property, plant and equipment are depreciated over their useful lives using the straight-line method. The depreciation rates are as follows:

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

Derecognition and disposal

Assets are derecognised when they are disposed of or when they are abandoned. The gain or loss is calculated as the difference between the net proceeds and the carrying amount.

When an asset is disposed of, the carrying amount is written off and the proceeds are recognised in profit or loss. If the proceeds are less than the carrying amount, a loss is recognised.

When an asset is abandoned, the carrying amount is written off and no proceeds are recognised. If the carrying amount is more than zero, a loss is recognised.

e) Leases

Group as a lessee

The Group leases various assets, including property, plant and equipment. Leases are classified as finance leases if they transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. The measurement of the right-of-use asset depends on whether the lease is a finance lease or an operating lease. For operating leases, the right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses.

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

The right-of-use asset is depreciated over the shorter of the lease term and its useful life using the straight-line method. If the lease term is shorter than the useful life, the right-of-use asset is also subject to impairment testing.

When a lease is terminated, the right-of-use asset is derecognised and the gain or loss is calculated as the difference between the net proceeds and the carrying amount.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

e) Leases (continued)

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease. The measurement of the lease liability depends on whether the lease is a finance lease or an operating lease. For operating leases, the lease liability is measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate.

The lease liability is increased by the interest expense and decreased by the lease payments. The interest expense is calculated using the effective interest method. The lease payments are recognised in profit or loss as an expense over the lease term.

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

Short-term leases and leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a maximum term of 12 months. Leases of low-value assets are leases of assets with a value of less than \$5,000.

f) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is an indication that the carrying amount may not be recoverable. If the carrying amount is greater than the recoverable amount, an impairment loss is recognised. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use.

The value in use is the present value of the cash flows expected to be derived from the asset. The cash flows are estimated based on the management's best estimate of the future performance of the asset.

Impairment losses are recognised in profit or loss. Impairment losses are reversed if the recoverable amount increases in subsequent periods.

When an asset is impaired, the carrying amount is written down to the recoverable amount. The gain or loss is calculated as the difference between the net proceeds and the carrying amount.



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

l) Business combinations and goodwill (continued)

Goodwill is the amount of the purchase price in excess of the fair value of the identifiable intangible assets acquired in a business combination. Goodwill is not amortised but is tested for impairment annually, or more frequently if there are indicators of impairment. Goodwill is measured as the excess of the purchase price over the fair value of the identifiable intangible assets acquired in a business combination.

Goodwill is tested for impairment annually, or more frequently if there are indicators of impairment. The test is performed by comparing the carrying amount of the cash-generating unit (CGU) containing the goodwill with its recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Goodwill is not amortised but is tested for impairment annually, or more frequently if there are indicators of impairment.

m) Discontinued operations

Discontinued operations are operations and cash flows that have been disposed of, or are classified as held for sale, and that represent a strategic shift that has a major effect on the entity's financial results.

Discontinued operations are reported in the consolidated financial statements as a separate section, distinct from continuing operations.

The results of discontinued operations are reported in the consolidated financial statements as a separate section, distinct from continuing operations.

The results of discontinued operations are reported in the consolidated financial statements as a separate section, distinct from continuing operations.

Discontinued operations are reported in the consolidated financial statements as a separate section, distinct from continuing operations.

n) Intangible assets

Intangible assets are non-monetary assets without physical substance that are identifiable and controlled by the entity. Intangible assets are recognised when they are identifiable and controlled by the entity, and their fair value can be measured reliably.

Intangible assets are recognised when they are identifiable and controlled by the entity, and their fair value can be measured reliably.

Intangible assets are recognised when they are identifiable and controlled by the entity, and their fair value can be measured reliably. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the useful life of the asset.

Intangible assets are recognised when they are identifiable and controlled by the entity, and their fair value can be measured reliably. Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Intangible assets are recognised when they are identifiable and controlled by the entity, and their fair value can be measured reliably. Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

n) Intangible assets (continued)

Intangible assets are recognised when they are identifiable and controlled by the entity, and their fair value can be measured reliably.

	Goodwill	Development costs	Customer contracts	Intellectual property	Brand name
Useful lives	Indefinite	Indefinite	Indefinite	Indefinite	Indefinite
Amortisation method used	None	None	None	None	None

Research and development costs

Research and development costs are recognised as an expense when they are incurred. Research and development costs are not capitalised. Research and development costs are recognised as an expense when they are incurred.

Research and development costs are recognised as an expense when they are incurred. Research and development costs are not capitalised.

o) Cash and cash equivalents

Cash and cash equivalents are assets that are readily convertible into cash, are subject to an insignificant risk of changes in value, and are held for a short period of time.

p) Revenue from contracts with customers

Revenue from contracts with customers is recognised when the customer obtains control of the goods or services. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the customer obtains control of the goods. Revenue is measured at the fair value of the consideration received or receivable.

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

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

(ii) Financial liabilities (continued)

Subsequent measurement (continued)

Trade and other payables

Trade and other payables are recognised at the amount of cash or cash equivalents that the entity is required to pay. Trade payables are recognised at the amount of the invoice, net of any discount taken. Other payables are recognised at the amount of the liability. Trade and other payables are classified as current liabilities unless the entity has an unconditional right to defer payment for at least 12 months after the reporting period.

Derecognition

Financial liabilities are derecognised when the entity is relieved of its primary obligation. This occurs when the liability is extinguished by payment, or when the entity is released from the obligation by the creditor. A liability is not derecognised if the entity has a continuing involvement in the liability, or if the liability is transferred to another party under a transfer that does not qualify for derecognition.

t) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Derivative financial instruments are recognised at fair value at the time of initial recognition. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognised in profit or loss, except for those that qualify for hedge accounting.

Derivative financial instruments are classified as current assets or current liabilities, depending on whether the entity has a right to receive or pay cash or another financial asset or liability. Derivative financial instruments are classified as non-current assets or non-current liabilities if the entity has a right to receive or pay cash or another financial asset or liability that is not due within 12 months after the reporting period.

Derivative financial instruments are classified as financial assets or financial liabilities, depending on whether the entity has a right to receive or pay cash or another financial asset or liability. Derivative financial instruments are classified as non-financial assets or non-financial liabilities if the entity has a right to receive or pay cash or another financial asset or liability that is not due within 12 months after the reporting period.

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Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

t) Derivative financial instruments and hedge accounting (continued)

Derivative financial instruments are recognised at fair value at the time of initial recognition. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognised in profit or loss, except for those that qualify for hedge accounting.

Cash flow hedges

Cash flow hedges are used to hedge the risk of changes in cash flows. Cash flow hedges are recognised at fair value at the time of initial recognition. Subsequent to initial recognition, cash flow hedges are measured at fair value. Changes in the fair value of cash flow hedges are recognised in profit or loss, except for those that qualify for hedge accounting.

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u) Fair value measurement

Assets and liabilities are measured at fair value at the time of initial recognition. Subsequent to initial recognition, assets and liabilities are measured at fair value. Changes in the fair value of assets and liabilities are recognised in profit or loss, except for those that qualify for hedge accounting.

Assets and liabilities are measured at fair value at the time of initial recognition. Subsequent to initial recognition, assets and liabilities are measured at fair value. Changes in the fair value of assets and liabilities are recognised in profit or loss, except for those that qualify for hedge accounting.

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Assets and liabilities are measured at fair value at the time of initial recognition. Subsequent to initial recognition, assets and liabilities are measured at fair value. Changes in the fair value of assets and liabilities are recognised in profit or loss, except for those that qualify for hedge accounting.



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

3. Business combinations

Acquisitions in 2021

On 1 July 2021, the Group acquired 100% of the equity of Servcore, a leading provider of food and beverage services in the United States. The acquisition was completed for a purchase consideration of \$8,368,019, consisting of cash of \$7,968,019 and the issuance of 1,400,000 shares of the Group's ordinary shares. The fair value of the consideration transferred was \$8,368,019. The acquisition was completed on 1 July 2021. The Group's financial statements for the year ended 30 June 2021 include the results of Servcore from the date of acquisition.

On 1 July 2021, the Group acquired 100% of the equity of JBM, a leading provider of food and beverage services in the United States. The acquisition was completed for a purchase consideration of \$14,378,753, consisting of cash of \$13,903,054 and the issuance of 1,400,000 shares of the Group's ordinary shares. The fair value of the consideration transferred was \$14,378,753. The acquisition was completed on 1 July 2021. The Group's financial statements for the year ended 30 June 2021 include the results of JBM from the date of acquisition.

On 1 July 2021, the Group acquired 100% of the equity of Leda, a leading provider of food and beverage services in the United States. The acquisition was completed for a purchase consideration of \$14,123,054, consisting of cash of \$13,903,054 and the issuance of 1,400,000 shares of the Group's ordinary shares. The fair value of the consideration transferred was \$14,123,054. The acquisition was completed on 1 July 2021. The Group's financial statements for the year ended 30 June 2021 include the results of Leda from the date of acquisition.

The fair value of the consideration transferred is based on the fair value of the shares issued.

The fair value of the consideration transferred is based on the fair value of the shares issued.

The Group's financial statements for the year ended 30 June 2021 include the results of the acquisitions from the date of acquisition.

Assets acquired and liabilities assumed

The Group's financial statements for the year ended 30 June 2021 include the results of the acquisitions from the date of acquisition.

Fair value recognised on acquisition

	Servcore	JBM	Others	Total
	\$	\$	\$	\$
Assets				
Identifiable intangible assets	2,326,065	1,113,841	2,520,290	5,960,196
Property, plant and equipment	30,000	270,453	1,424,706	1,725,159
Goodwill	-	-	88,772	88,772
Other intangible assets	611,391	251,991	577,427	1,440,809
Other assets	1,455,711	-	4,365,108	5,820,819
Other liabilities	-	127,308	-	127,308
Total assets	4,423,167	1,763,593	8,976,303	15,163,063
Liabilities				
Other liabilities	1,993,717	833,646	1,753,147	4,580,510
Other liabilities	220,409	424,360	718,064	1,362,833
Other liabilities	96,336	-	-	96,336
Other liabilities	320,734	-	1,085,111	1,405,845
Total liabilities	2,631,196	1,258,006	3,556,322	7,445,524
Total identifiable net (liabilities)/ assets at fair value	1,791,971	505,587	5,419,981	7,717,539
Other assets	6,576,048	13,873,166	8,703,073	29,152,287
Purchase consideration transferred	8,368,019	14,378,753	14,123,054	36,869,826

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

3. Business combinations (continued)

Acquisitions in 2021 (continued)

	Servcore	JBM	Others	Total
Purchase consideration				
Cash	7,968,019	13,903,054	13,903,054	35,774,127
Other consideration	-	-	-	-
Total consideration	8,368,019	14,378,753	14,123,054	36,869,826
Net cash outflow on acquisition				
Cash	7,968,019	13,903,054	13,903,054	35,774,127
Other consideration	-	-	-	-
Total consideration	7,199,559	7,501,171	16,336,084	31,036,814

Acquisitions in 2020

On 1 July 2020, the Group acquired 100% of the equity of Leda, a leading provider of food and beverage services in the United States. The acquisition was completed for a purchase consideration of \$6,213,463, consisting of cash of \$1,700,000 and the issuance of 1,400,000 shares of the Group's ordinary shares. The fair value of the consideration transferred was \$6,213,463. The acquisition was completed on 1 July 2020. The Group's financial statements for the year ended 30 June 2021 include the results of Leda from the date of acquisition.

On 1 July 2020, the Group acquired 100% of the equity of Leda, a leading provider of food and beverage services in the United States. The acquisition was completed for a purchase consideration of \$4,960,822, consisting of cash of \$1,102,500 and the issuance of 1,400,000 shares of the Group's ordinary shares. The fair value of the consideration transferred was \$4,960,822. The acquisition was completed on 1 July 2020. The Group's financial statements for the year ended 30 June 2021 include the results of Leda from the date of acquisition.

The fair value of the consideration transferred is based on the fair value of the shares issued.

The fair value of the consideration transferred is based on the fair value of the shares issued.

The Group's financial statements for the year ended 30 June 2021 include the results of the acquisitions from the date of acquisition.



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

14. Leases

Group as a lessee

The Group leases various assets, including property, plant and equipment, motor vehicles and intangible assets. The leases are classified as finance leases or operating leases. The Group has elected to account for all its leases as operating leases. The lease payments are recognised as an expense in the profit or loss over the lease term on a straight-line basis, unless another systematic method is more representative of the time pattern of the benefits derived from the leased asset. The Group also recognises lease liabilities for all leases with a term of more than 12 months or that contain a purchase option. The lease liabilities are measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. The Group has elected not to recognise lease liabilities for short-term leases and leases of low-value assets.

The Group has entered into various lease agreements, including operating leases for property, plant and equipment, motor vehicles and intangible assets. The lease payments are recognised as an expense in the profit or loss over the lease term on a straight-line basis, unless another systematic method is more representative of the time pattern of the benefits derived from the leased asset. The Group also recognises lease liabilities for all leases with a term of more than 12 months or that contain a purchase option. The lease liabilities are measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. The Group has elected not to recognise lease liabilities for short-term leases and leases of low-value assets.

The following table shows the carrying amounts of the Group's lease assets and liabilities at the end of the reporting period.

	Property leases	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
As at 1 July 2019	26,802,205	141,217	11,298,887	38,242,309
Operating lease assets	26,802,205	141,217	11,298,887	38,242,309
Finance lease assets	-	-	-	-
As at 30 June 2020	26,051,130	97,059	9,755,983	35,904,172
Operating lease assets	26,051,130	97,059	9,755,983	35,904,172
Finance lease assets	-	-	-	-
As at 30 June 2021	29,605,689	361,187	9,589,795	39,556,671
Operating lease assets	29,605,689	361,187	9,589,795	39,556,671
Finance lease assets	-	-	-	-

The following table shows the carrying amounts of the Group's lease liabilities at the end of the reporting period.

	2021	2020
	\$	\$
As at 1 July	35,711,946	38,374,363
Operating lease liabilities	35,711,946	38,374,363
Finance lease liabilities	-	-
At 30 June	41,542,904	35,711,946
Operating lease liabilities	41,542,904	35,711,946
Finance lease liabilities	-	-

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

14. Leases (continued)

Group as a lessee (continued)

The Group leases various assets, including property, plant and equipment, motor vehicles and intangible assets. The leases are classified as finance leases or operating leases. The Group has elected to account for all its leases as operating leases. The lease payments are recognised as an expense in the profit or loss over the lease term on a straight-line basis, unless another systematic method is more representative of the time pattern of the benefits derived from the leased asset. The Group also recognises lease liabilities for all leases with a term of more than 12 months or that contain a purchase option. The lease liabilities are measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. The Group has elected not to recognise lease liabilities for short-term leases and leases of low-value assets.

	2021	2020
	\$	\$
Operating lease liabilities	15,987,890	14,204,301
Finance lease liabilities	-	-
Total	15,987,890	14,204,301

The Group has entered into various lease agreements, including operating leases for property, plant and equipment, motor vehicles and intangible assets. The lease payments are recognised as an expense in the profit or loss over the lease term on a straight-line basis, unless another systematic method is more representative of the time pattern of the benefits derived from the leased asset. The Group also recognises lease liabilities for all leases with a term of more than 12 months or that contain a purchase option. The lease liabilities are measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. The Group has elected not to recognise lease liabilities for short-term leases and leases of low-value assets.

The Group has entered into various lease agreements, including operating leases for property, plant and equipment, motor vehicles and intangible assets. The lease payments are recognised as an expense in the profit or loss over the lease term on a straight-line basis, unless another systematic method is more representative of the time pattern of the benefits derived from the leased asset. The Group also recognises lease liabilities for all leases with a term of more than 12 months or that contain a purchase option. The lease liabilities are measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. The Group has elected not to recognise lease liabilities for short-term leases and leases of low-value assets.

The following table shows the carrying amounts of the Group's lease liabilities at the end of the reporting period.

	Within five years	More than five years	Total
	\$	\$	\$
2021	6,505,348	22,008,086	28,513,434
Operating lease liabilities	6,505,348	22,008,086	28,513,434
Finance lease liabilities	-	-	-
2020	3,215,896	4,605,489	7,821,385
Operating lease liabilities	3,215,896	4,605,489	7,821,385
Finance lease liabilities	-	-	-



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

15. Goodwill and intangible assets

	Goodwill	Development costs	Brand name	Customer contracts	Intellectual property	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 30 June 2021	181,927,413	347,363	5,018,903	14,868,636	674,598	202,836,913
Accumulated amortisation						
At 30 June 2021	-	326,750	-	5,535,919	466,191	6,328,860
Net book value						
At 30 June 2021	181,927,413	20,613	5,018,903	9,332,717	208,407	196,508,053

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

16. Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	55,208,534	47,593,688
Other payables		
Other payables	45,135,756	44,472,181
Non-current		
Other payables	1,550,000	-

\$2.6 million of trade payables are due within 12 months. Other payables include \$500,000 of non-current payables for acquisitions.

17. Contract liabilities

	2021	2020
	\$	\$
Contract liabilities	7,400,887	4,472,038

18. Interest-bearing loans and borrowings

	Interest rate	Maturity	2021	2020
	%	Financial years	\$	\$
Non-current				
Non-current interest-bearing loans and borrowings	2.46 - 2.72	2022 - 2025	78,825,000	82,625,000



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

18. Interest-bearing loans and borrowings (continued)

Interest-bearing loans and borrowings

	2021	2020
	\$	\$
Interest-bearing loans and borrowings	78,825,000	82,625,000

Group's interest-bearing loans and borrowings are primarily denominated in US dollars.

	2021	2020
	\$	\$
Interest-bearing loans and borrowings	403,672,905	330,855,350

19. Employee benefits liabilities

	2021	2020
	\$	\$
Current		
Employee benefits	20,862,984	18,383,863
Non-current		
Employee benefits	3,231,483	2,431,277
Aggregate employee entitlement liability	24,094,467	20,815,140

20. Contributed equity and reserves

20.1 Contributed equity

	2021	2020
	\$	\$
Fully paid shares		
Fully paid ordinary shares	100,555,584	93,313,832

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

20. Contributed equity and reserves (continued)

20.1 Contributed equity (continued)

	2021		2020	
	Number	\$	Number	\$
Fully paid ordinary shares				
At beginning of financial year	41,028,263	93,313,832	39,858,379	88,570,325
Issued during financial year				
At reporting date	42,381,208	100,555,584	41,028,263	93,313,832

The Group's ordinary shares have a par value of \$5.00. The total number of ordinary shares issued during the year ended 30 June 2021 was 42,381,208 shares, representing an increase of 3.1% from 41,028,263 shares at the beginning of the year.

The Group's ordinary shares have a par value of \$4.50. The total number of ordinary shares issued during the year ended 30 June 2020 was 41,028,263 shares, representing an increase of 3.1% from 39,858,379 shares at the beginning of the year.

20.2 Other reserves

a) Movement

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

Year ended 30 June 2020	Other reserve	Hedge reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$
Balance at the start of the financial year	(2,839,864)	(562,630)	4,014	(3,398,480)
Other reserves				
Hedge reserves				
Foreign currency translation reserves				
At reporting date	(2,839,864)	(361,547)	(104,873)	(3,306,284)

The Group's other reserves at the end of the year ended 30 June 2021 were \$69,929, representing a decrease of \$69,929 from \$361,547 at the beginning of the year.



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

20. Contributed equity and reserves (continued)

20.2 Other reserves (continued)

b) Nature and purpose of reserve

Other reserve

本公司其他综合收益包括可供出售金融资产公允价值变动形成的利得或损失、外币财务报表折算差额、现金流量套期工具产生的利得或损失、以及按照会计准则规定应当计入其他综合收益的其他项目。

Hedge reserve

本公司现金流量套期工具产生的利得或损失计入现金流量套期储备。

Foreign currency translation reserve

本公司境外经营财务报表折算差额计入外币财务报表折算差额。

21. Related party disclosure

Transaction with key management personnel

Rental property paid to Directors

本公司向关键管理人员支付租金，2021年6月30日止六个月的租金为\$893,713（2020年6月30日止六个月为\$982,810）。

本公司向关键管理人员支付薪酬，2021年6月30日止六个月的薪酬为\$7,035,091（2020年6月30日止六个月为\$5,458,944）。

Compensation of key management personnel of the Group

本公司向关键管理人员支付薪酬，2021年6月30日止六个月的薪酬为\$7,035,091（2020年6月30日止六个月为\$5,458,944）。

Directors fees

本公司向董事支付费用，2021年6月30日止六个月的费用为\$200,000（2020年6月30日止六个月为\$220,000）。

Bank Guarantees

本公司向银行提供担保，2021年6月30日止六个月的担保金额为\$187,725（2020年6月30日止六个月为\$187,725）。

截至2021年6月30日，本公司没有未履行的担保义务。

22. Commitments and contingencies

22.1 Commitments

截至2021年6月30日，本公司没有未履行的承诺。

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

22. Commitments and contingencies (continued)

22.2 Contingent liabilities

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

23. Events after the reporting period

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

24. Closed group class order

24.1 Entities subject to class order relief

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。

截至2021年6月30日，本公司没有未履行的或有负债。截至2020年6月30日，本公司没有未履行的或有负债。



Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

24. Closed group class order (continued)

24.3 Consolidated statement of financial position (continued)

	Closed group	
	2021	2020
	\$	\$
Non-current liabilities		
Trade payables	114,332,505	121,009,247
Other payables	249,246,432	233,037,546
Total non-current liabilities	114,332,505	121,009,247
Total liabilities	249,246,432	233,037,546
Net assets	134,880,524	123,242,030
Equity		
Share capital	134,880,524	123,242,030
Reserves		
Total equity	134,880,524	123,242,030

25. Information relating to parent ARA Group Limited

	2021	2020
	\$	\$
Assets	379,502,765	315,170,533
Liabilities	359,606,075	282,137,063
Net assets	19,896,690	33,033,470
Equity	19,896,690	33,033,470
Reserves		
Total equity	19,896,690	33,033,470

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

26. Auditor's remuneration

Ernst & Young (Singapore) Pte Ltd (Incorporated in Singapore)

	2021	2020
	\$	\$
Amounts received or due and receivable by Ernst & Young audit firm for:		
Ernst & Young (Singapore) Pte Ltd	778,589	621,873
Ernst & Young Global Limited		
Amounts received or due and receivable by non Ernst & Young audit firm for:		
Other audit firms		
Total	778,589	621,873



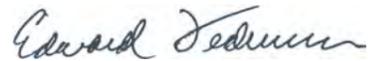
Directors' declaration

In accordance with a resolution of the directors of ARA Group Limited and Controlled Entities, I state that:

In the opinion of the directors:

- (a) the consolidated financial statements and notes of ARA Group Limited and Controlled Entities for the financial year ended 30 June 2021 are 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 2021 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the board



Edward Federman
Executive Director
Sydney
6 August 2021



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

Opinion

We have audited the financial report of ARA Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b. 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

- ▶ 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.



Ernst & Young



Chris Lawton
Partner
Sydney
6 August 2021

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