PACIFIC CURRENT GROUP

Tacoma // Denver // Sydney // Melbourne

30 August 2019

Company Announcements
For Immediate Release
ASX Code: PAC

APPENDIX 4E AND FINANCIAL REPORT FOR PACIFIC CURRENT GROUP LIMITED

In accordance with the Listing Rules of the Australian Securities Exchange ("ASX"), Pacific Current Group Limited encloses for immediate release the following information:

1. Appendix 4E, the Preliminary Final Report for the Year ended 30 June 2019; and
2. The Unaudited Financial Report for the Year ended 30 June 2019

Ends.

The following information is presented in accordance with Listing Rule 4.3A of the Australian Securities Exchange ("ASX").

1. Details of the reporting period and the previous corresponding period

Current reporting period	- the year ended 30 June 2019
Previous corresponding period	- the year ended 30 June 2018

2. Results for announcement to the market

	Year ended	30 June 2019 $'000	30 June 2018 $'000	Increase /(Decrease) $'000	%
2.1	Revenue from ordinary activities	62,853	46,406	16,447	35.4
	Net profit before tax	53,969	95,410	(41,441)	(43.4%)
	Underlying net profit before tax	27,448	18,341	9,107	49.6
2.2	Net profit (loss) from ordinary activities after tax attributable to members	37,612	97,603	(59,991)	(61.5)
	Underlying net profit (loss) from ordinary activities after tax attributable to members	20,765	18,273	2,492	13.6
2.3	Net profit (loss) for the period attributable to members	37,612	97,603	(59,991)	(61.5)
	Underlying net profit (loss) for the period attributable to members	20,765	18,273	2,492	13.6

Underlying results are unaudited Non-IFRS measures. Refer to the attached Financial Report for details of these calculations.

	Dividends (distributions)	Amount per security (cents)	Franking amount per security	Conduit foreign income per security
2.4	2019 Final	15.0	100%	n/a

2.5 Record date for determining entitlements to the dividend

6 September 2019

2.6 Commentary on "Results for Announcement to the Market"

A brief explanation of any figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Financial Report for the Year ended 30 June 2019.

3. A statement of comprehensive income

A statement of comprehensive income together with notes to the statement is contained in the attached Financial Report for the Year ended 30 June 2019.

4. A statement of financial position

A statement of financial position together with notes to the statement is contained in the attached Financial Report for the Year ended 30 June 2019.

5. A statement of cash flows

A statement of cash flows together with notes to the statement is contained in the attached Financial Report for the Year ended 30 June 2019.

6. A statement of changes in equity

A statement of changes in equity together with notes to the statement is contained in the attached Financial Report for the Year ended 30 June 2019.

7. Details of individual and total dividends or distributions and dividend or distribution payments.

Type	Record date	Payment date	Amount per Security (cents)	Total Dividend ($)	Franked amount per security	Conduit foreign income per security
2018 Final	7 September 2019	15 October 2019	22.0	10,481,320	100%	n/a
2019 Interim	7 March 2019	27 March 2019	10.0	4,764,237	100%	n/a

8. Details of any dividend or distribution reinvestment plans

Not applicable

9. Net tangible assets per security

	30 June 2019	30 June 2018
Net tangible assets per security	$6.07	$4.84

10. Details of entities over which control has been gained or lost during the period

During the period, control was gained over the following entities:

Name of entity	Date control gained
Carlisle Acquisition Vehicle, LLC	11 January 2019

During the period, control was lost over the following entities:

Name of entity	Date control lost
Global Value Investors Pty Limited	8 July 2018

11. Details of associates and joint venture entities

	Ownership % 30 June 2019	Ownership % 30 June 2018
Aether General Partners	25.00	25.00
AlphaShares, LLC	36.53	36.53
Aperio Group, LLC	-	23.38
Blackcrane Capital, LLC	25.00	25.00
Capital & Asset Management Group, LLP	20.00	20.00
Celeste Funds Management Limited	-	27.48
Freehold Investment Management Limited	30.89	30.89
Northern Lights Alternative Advisors LLP	23.00	23.00
Roc Group [1]	17.59	17.59
Victory Park Capital Advisors, LLC	24.90	-
Victory Park Capital GP Holdco, LP	24.90	-

	30 June 2019 $'000	30 June 2018 $'000
Aggregate share of profits of associates/joint venture:		
Profit/(loss) from ordinary activities before tax	20,118	(13,313)
Income tax on ordinary activities [2]	(847)	(3,755)
Net profit/(loss) from ordinary activities after tax	19,271	(17,068)
PAC share of profits/(loss) of associates/joint venture:	1,118	(4,374)

Notes:
1 - Ownership increased from 17.59% at 30 June 2019 to 30% on 2 July 2019
2 - The loss from associates in 2018 was driven by the recognition of the S class shares at Aperio that have been valued based on the sale price.

12. Any other significant information needed by an investor

Further significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position is contained in the attached Unaudited Financial Report for the Year ended 30 June 2019.

13. For foreign entities, which set of accounting standards is used in compiling the report

Not applicable

14. A commentary on the results for the period

A commentary, including any significant information needed by an investor to make an informed assessment of the entity's activities and results, is contained in the attached Unaudited Financial Report for the Year ended 30 June 2019.

15. Audit / Review of Accounts upon which this report is based and qualification of audit / review

This Preliminary Final Report is based on the attached Financial Report for the Year ended 30 June 2019 which is in the process of being audited. At the date of this Preliminary Final Report, the Company is not aware of any matter that would impact the reported results or that would lead to the independent audit report being subject to a modified opinion, emphasis of matter or other matter paragraph.

Pacific Current Group Limited

(ABN 39 006 708 792)

Financial Report (Unaudited)
For the year ended 30 June 2019

Investment activities during the year

On 2 July 2018, the Group exercised its put option in RARE Infrastructure Ltd ("RARE"). On 10 October 2018, the sale was completed and proceeds of the exercise of the put option amounting to $21,510,000 before tax was received. The Group held a residual 10% interest in RARE following the sale of the majority of its holdings to Legg Mason in October 2015. The 10% residual was subject to a put/call option that was agreed at the time of sale. The sale of the Group's investment in RARE resulted in a nominal gain.

On 3 July 2018, the Group acquired a 24.9% stake in each of Victory Park Capital Advisors, LLC ("VPC") and Victory Park Capital GP Holdco, L.P. ("VPC-Holdco") for $94,825,000 (USD70,000,000). VPC is a Chicago based investment firm specialising in managing funds and mandates investing in non-bank lending. VPC-Holdco holds direct and indirect interest in VPC funds and its general partner entities. The investments have been accounted for as investments in associates using the equity method. For the year ended 30 June 2019, the preamortisation contributions of VPC and VPC-Holdco to the Group amounted to $1,774,000 representing the share in net profits of associates.

On 8 August 2018, the Group sold its 23.38% stake in Aperio Group, LLC ("Aperio"), an investment firm based in San Francisco operating in customer index-based solutions across active tax management, factor tilts and socially responsible investing. The Group originally acquired the stake for $45,083,000 (USD31,786,000) in two tranches in January 2016 and January 2017. On 4 October 2018, the sale was completed and the proceeds amounted to $101,593,000 (USD71,906,000) before tax was received. The sale of the investment resulted in a gain on disposal of $70,466,000 being recorded in the current financial year.

On 3 October 2018, the Group sold its 27.48% stake in Celeste Funds Management Limited ("Celeste"), a Sydney based fund manager specialising in small cap Australian equities. The pre-tax proceeds amounted to $1,595,000 and the sale of the investment resulted in a gain of $920,000.

On 24 January 2019, the Group acquired an initial 10% equity interest in Independent Financial Partners, LLC ("IFP") for $1,515,000 (USD1,075,000) as part of a $3,666,000 (USD2,575,000) total commitment for up to 25% of equity interest. IFP is a privately held, family-owned firm founded in 2000 by CEO William (Bill) Hamm, Jr. IFP is a multi-custodial registered investment adviser focused on delivering personalised, concierge-level services to over 500 advisors in the USA who specialise in wealth management and retirement plan consulting. The investment has been accounted for as a financial asset at fair value through other comprehensive income.

On 31 January 2019, the Group acquired securities in Carlisle Management Company S.C.A ("Carlisle") and 5,000,000 units of Contingent Convertible Bonds ("CoCo Bonds") issued by Carlisle for $47,038,000 (USD34,250,000). The Luxembourg Regulator approved the transaction on 9 May 2019 with effect on 31 January 2019. Carlisle is a fully regulated alternative investment fund manager which manages alternative investment funds investing in USA life settlements. Carlisle is organised under the laws of Luxembourg as a partnership limited by shares ("SCA" or Société en commandite par actions). The Group is entitled to 16% of the revenues and 40% of the liquidation proceeds in the event of a sale. The investment has been accounted for as a financial asset at fair value through profit or loss. For the year ended 30 June 2019, contributions from Carlisle to the Group amounted to $4,789,000 which has been accounted for as dividend income.

Funds under management

As at 30 June 2019, the Funds Under Management ("FUM") of the Group's asset managers was $57,465,950,000 (2018: $75,184,167,000).

The net decrease in FUM was due to the sale of Aperio, Celeste and RARE and net outflows of Seizert Capital Investments, LLP ("Seizert"). This was offset by inflows from the acquisitions of Carlisle and VPC and positive net inflows and market performance from the asset managers particularly GQG.

Boutique	Total FUM as at 30 June 2018 $'000	Inflows from Boutique Acquisitions $'000	Net Flows $'000	Other[1] $'000	Foreign Exchange Movement[2] $'000	Total FUM as at 30 June 2019 $'000
Tier 1	58,888,389	6,263,059	13,685,406	(33,851,750)	2,634,576	47,619,680
Tier 2	16,295,778	–	360,088	(6,891,779)	82,183	9,846,270
Total Boutiques	**75,184,167**	**6,263,059**	**14,045,494**	**(40,743,529)**	**2,716,759**	**57,465,950**
Open-end	67,589,472	2,020,695	12,823,144	(40,429,474)	2,525,937	44,529,774
Closed-end	7,594,695	4,242,364	1,222,350	(314,055)	190,822	12,936,176
Total	**75,184,167**	**6,263,059**	**14,045,494**	**(40,743,529)**	**2,716,759**	**57,465,950**

Notes:
[1] Other includes investment performance, market movement, distributions and sale of the Group's holdings.
[2] The Australian dollar ("AUD") strengthened against the USA dollar ("USD") during the year. The AUD/USD was 0.7023 as at 30 June 2019 compared to 0.7387 as at 30 June 2018. The Net Flows and Other items are calculated using the average rates.
[3] Sold during the year and the related FUM from these businesses were included as deductions in Other.

The relationship between the boutiques' FUM and the economic benefits received by the Group can vary dramatically based on factors such as:

- the fee structures of each boutique;
- the Group's ownership interest in the boutique; and
- the specific economic features of each relationship between the Group and the boutique.

Accordingly, the Company cautions against simple extrapolation based on FUM trends.

Tier 1 Boutique is a term used to describe an asset manager that the Group expects to produce at least $4,000,000 of annual earnings for the Group while a Tier 2 Boutique is one that the Group expects will contribute less than this. Although there is no guarantee any boutique will meet this threshold, this categorisation is intended to provide insight into which boutiques are expected to be the most economically impactful to the Group.

Open-end is a term used to indicate FUM that are not committed for an agreed period and therefore can be redeemed by an investor on relatively short notice. Closed-end is a term used to denote FUM where the investor has committed capital for a fixed period and redemption of these funds can only eventuate after an agreed time and in some cases at the end of the life of the fund.

People

The Group employed 19 full time equivalent employees as at 30 June 2019 (2018: 19) working out of our Australian offices located in Sydney and Melbourne, and USA offices located in Tacoma and Denver.

On 1 October 2018, Mr. Michael Fitzpatrick resigned as Chairman of the Company and on 1 March 2019 he resigned as Director of the Company. Mr. Antony Robinson was then appointed as the new Chairman of the Company on 1 October 2018.

On 20 March 2019, Mr. Joseph Ferragina stepped down as the Company's Chief Financial Officer ("CFO") and Australian Chief Operating Officer.

On 21 March 2019, Mr. Ashley Killick, BEc (ANU), GradDipMgt (Mt Eliza), CAANZ, SF FIN, GAICD, Fellow GIA was appointed as the Company's interim CFO. Mr. Killick previously held CFO roles in AMA Group Ltd from 2015 to 2018; Oncard International Ltd in 2015; Hastie Group Ltd an interim role in 2012; Australian Pharmaceutical Industries Ltd from 2008 to 2009; and OAMPS Ltd from 2004 until takeover by Wesfarmers Ltd in 2007. Mr Killick was a Partner of PricewaterhouseCoopers from 1988 until 2004, practising in the Corporate Finance & Recovery division specialising in valuations and due diligence investigations. In addition, he was the Chief Operating Officer for Corporate Finance & Recovery (Asia Pacific).

On 10 April 2019, Mr. Jeremiah Chafkin was appointed Non-Executive Director of the Company.

Operating results for the year

The Company generated net profits before tax ("NPBT") of $53,969,000 for the year ended 30 June 2019 (30 June 2018 restated: $95,410,000); a decrease of 43.4%. This result, however, has been significantly impacted by non-cash, non-recurring and/or unusual items. Normalising this result for the impact of these abnormal items results in unaudited underlying NPBT of $27,448,000, an increase of 49.7%.

	2019 $'000	2018 (Restated)[1] $'000
Reported NPBT	53,969	95,410
Non-cash items		
- Impairment of investments[2]	28,857	4,885
- Share-based payment expenses	1,016	1,381
- Amortisation of identifiable intangible assets[3]	4,499	1,797
- Fair value adjustments of financial assets/financial liabilities at FVTPL	505	1,200
- Interest income from discounting of management rights	(189)	–
- Fair value adjustment on X-RPUs	–	442
- Adjustment in deferred commitments	–	(492)
	34,688	9,213
Recurring/unusual items		
- Gain on sale of investments	(73,013)	(105,031)
- Provision for estimated liability for Nereus	7,688	–
- Broker and consulting fees[4]	1,310	403
- Deal costs[5]	1,201	181
- Net foreign exchange loss	1,102	2,639
- Legal and consulting expenses[5]	–	1,777
- Redundancies	503	–
- Take-up of liability relating to S class shares issued by Aperio[6]	–	12,905
- Loss on redemption and cancellation of X-RPUs	–	844
	(61,209)	(86,282)
Unaudited underlying NPBT	27,448	18,341
Income tax (expense)/benefit[7]	(5,405)	508
Unaudited underlying net profit after tax ("NPAT")	22,043	18,849
Less: share of non-controlling interests	(1,278)	(576)
Unaudited underlying NPAT attributable to members of the parent	20,765	18,273

The criteria for exclusion in calculating the unaudited underlying NPAT attributable to members of the parent are based on the following:

- Non-cash items relate to income and expenses that are essentially accounting entries rather than actual movements in cash; and
- Extraordinary items relate to income and expenses from events that are unusual and infrequent in nature.

Notes:
[1] The consolidated statement of profit or loss for the year ended 30 June 2018 has been restated. Refer to Note 20 of the notes to the consolidated financial statements for the explanation. These restatements did not change the 30 June 2018 previously reported unaudited underlying NPAT.
[2] The impairment relates to impairment of investment in associates and goodwill from subsidiaries excluding the impairment of capital contributions to Nereus amounting to $542,000 (2018: $781,000).
[3] The 2019 amortisation of identifiable intangible assets included the amortisation of intangible assets of the associates amounting to $1,875,000 (2018: $435,000). The amortisation is recorded as an offset to the share in net profit of the associates.
[4] The broker and consulting fees pertained to the cost of services in relation to the appointment of an external party to identify suitable investors for the two operating solar PV generation plants of Nereus.
[5] For the current year, the fees relate to the costs from acquisitions of investments. In the prior year, the fees relate to the costs on the sale of IML, simplification and X-RPU restructuring.
[6] Share in the liability on the S class units issued by Aperio. This was included in the share in net losses from associates.
[7] The net income tax (expense)/benefit is the reported income tax (expense)/benefit adjusted for the tax effect of the normalisation adjustments (including prior year tax adjustments).

Earnings per share

Set out below is a summary of the earnings per share for the year to 30 June 2019.

	2019	2018 (Restated)
Reported NPAT attributable to the members of the Parent ($'000)	37,612	97,603
Unaudited underlying NPAT attributable to the members of the Parent ($'000)	20,765	18,273
Weighted average number of ordinary shares on issue (Number)	47,642,367	47,642,356
Basic earnings per share (cents)	78.95	204.86
Unaudited underlying earnings per share (cents)	43.59	38.35

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year:

	Cents per Share	Total Amount $'000	Franked at 30%	Date of Payment
Declared and paid during the financial year:				
- Final for 2018 on ordinary shares	22.00	10,482	100%	15 October 2018
- Interim for 2019 on ordinary shares	10.00	4,764	100%	27 March 2019
		15,246		
Declared after the end of the financial year:				
- Final for 2019 on ordinary shares	15.00	7,146	100%	11 October 2019

The dividend after the end of the financial year were declared on 30 August 2019. The dividend has not been provided for in the 30 June 2019 consolidated financial statements.

Cash flows

Set out below is a summary of the cash flows for the year ended 30 June 2019.

	2019 $'000	2018 $'000
Cash (used in)/provided by operating activities	(2,364)	20,283
Cash provided by investing activities	6,906	91,509
Cash used in financing activities	(34,320)	(41,736)
Net (decrease)/increase in cash and cash equivalents	(29,778)	70,056

Operating activities

Cash flows from operations have decreased from a net inflow of $20,289,000 in 2018 to net cash outflow of $2,364,000 in 2019. This was due to the increase in income tax paid from $5,335,000 to $26,746,000 primarily attributable to the tax on the gain on sale of Aperio and Investors Mutual Ltd.

Investing activities

Net cash flows provided by investing activities decreased from $91,503,000 in 2018 to $6,906,000 in 2019. Although the proceeds from sale of associates was similar between the years ($103,188,000 in 2019 and $110,065,000 in 2018) there was increased acquisition activity in 2019. This was primarily associated with acquisitions of VPC and VPC-HoldCo (totalling $94,825,000) and Carlisle (totalling $47,038,000).

Financing activities

Cash flows used in financing activities decreased from $41,736,000 in 2018 to $34,320,000 in 2019. This was primarily due to the repayments in 2018 of the X-RPU's ($27,084,000) and the Seizert Notes ($13,266,000) compared to the repayments in 2019 of the bank overdraft ($9,269,000) and the Seizert Notes ($6,174,000). This was offset by the increase in dividends paid $15,246,000 in 2019 compared to $8,576,000 in 2018.

Financial position

Set out below is a summary of the financial position for the year ended 30 June 2019.

	2019 $'000	2018 (Restated) $'000
Cash and cash equivalents	80,232	110,096
Other current assets	22,395	40,352
Non-current assets	325,765	236,995
Current liabilities	(33,422)	(32,947)
Non-current liabilities	(11,443)	(18,072)
Net Assets	383,527	336,424

The level of gearing of the Group was reduced with the repayment of Seizert notes of $6,174,000 (USD4,515,000) and bank overdraft of $9,269,000. The proceeds from the sale of Aperio, Celeste and RARE have provided the Group liquidity and flexibility to fund the current year's acquisitions of Carlisle, IFP, VPC and VPC-Holdco as well as future acquisitions.

PACIFIC CURRENT GROUP LIMITED
(ABN 39 006 708 792)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 (Restated) $'000
Revenues			
Revenue	1	41,501	37,484
Other income	2	21,352	8,922
Net gains on investments and financial liabilities	2	72,508	102,987
		135,361	**149,393**
Expenses			
Salaries and employee benefits	3	(24,120)	(22,664)
Impairment expense	3	(29,399)	(5,666)
Administration and general expenses	3	(25,351)	(17,992)
Depreciation and amortisation expense	3	(2,992)	(1,613)
Interest expense	3	(648)	(1,674)
		(82,510)	**(49,609)**
Share of net profits/(losses) of associates accounted for using the equity method	18	1,118	(4,374)
Profit before income tax expense		**53,969**	**95,410**
Income tax (expense)/benefit		(15,079)	2,769
Profit for the year		**38,890**	**98,179**
Attributable to:			
The members of the parent		37,612	97,603
Non-controlling interests		1,278	576
		38,890	**98,179**
Earnings per share attributable to ordinary equity holders of the parent (cents per share):			
- Basic		78.95	204.86
- Diluted		78.14	204.53
Franked dividends paid per share (cents per share) for the year	15	32.00	18.00

The accompanying notes form part of these consolidated financial statements.
The consolidated statement of profit or loss for the year ended 30 June 2018 has been restated. Refer to Note 20 for the explanation.

	Note	2019 $'000	2018 (Restated) $'000
Profit for the year		**38,890**	**98,179**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets, net of income tax	14	6,627	–
Foreign currency movement of investment revaluation reserve	14	2,369	–
		8,996	–
Items that were reclassified to profit or loss			
Reversal of the share in net fair value gain on available-for-sale financial assets of an associate derecognised in the prior year	14	–	(131)
Items that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial assets, net of income tax	14	–	23,156
Foreign currency movement of investment revaluation reserve	14	–	1,337
Share of net fair value (loss) on available-for-sale financial assets of an associate	14	–	(106)
Exchange differences on translating foreign operations	14	14,758	13,927
		14,758	38,314
Other comprehensive income for the year		**23,754**	**38,183**
Total comprehensive income		**62,644**	**136,362**
Attributable to:			
The members of the parent		61,417	135,791
Non-controlling interests		1,227	571
		62,644	**136,362**

The accompanying notes form part of these consolidated financial statements.
The consolidated statement of comprehensive income for the year ended 30 June 2018 has been restated. Refer to Note 20 for the explanation.

PACIFIC CURRENT GROUP LIMITED
(ABN 39 006 708 792)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 JUNE 2019

	Note	2019 $'000	2018 (Restated) $'000
Current assets			
Cash and cash equivalents	5	80,232	110,096
Short-term deposits	5	–	20,000
Trade and other receivables	6	12,809	9,135
Other financial assets	7	7,518	–
Loans and other receivables	8	–	5,775
Other assets	9	2,068	5,442
Total current assets		**102,627**	**150,448**
Non-current assets			
Other financial assets	7	120,066	75,116
Loans and other receivables	8	–	7,325
Plant and equipment		1,208	1,399
Intangible assets	17	94,094	104,826
Investments in associates	18	110,143	46,023
Other assets	9	254	2,306
Total non-current assets		**325,765**	**236,995**
Total assets		**428,392**	**387,443**
Current liabilities			
Trade and other payables	10	7,506	6,530
Provisions	11	8,407	410
Financial liabilities	12	16,969	13,139
Current tax liabilities		540	12,868
Total current liabilities		**33,422**	**32,947**
Non-current liabilities			
Provisions	11	219	191
Financial liabilities	12	3,853	12,429
Deferred tax liabilities		7,371	5,452
Total non-current liabilities		**11,443**	**18,072**
Total liabilities		**44,865**	**51,019**
Net assets		**383,527**	**336,424**
Equity			
Share capital	13	166,279	166,279
Reserves	14	90,934	66,113
Retained earnings		125,777	103,411
Total equity attributable to owners of the Company		382,990	335,803
Non-controlling interests		537	621
Total equity		**383,527**	**336,424**

The accompanying notes form part of these consolidated financial statements.
The consolidated statement of financial position as at 30 June 2018 has been restated. Refer to Note 20 for the explanation.

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2018					
As previously reported	166,279	60,361	96,040	621	323,301
Impact of restatement (Note 20)	–	5,752	7,371	–	13,123
As restated	**166,279**	**66,113**	**103,411**	**621**	**336,424**
Profit for the year	–	–	**37,612**	**1,278**	**38,890**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve net of income tax	–	8,996	–	–	8,996
(ii) Net movement in foreign currency translation reserve	–	14,809	–	(51)	14,758
Total comprehensive income for the year	**–**	**23,805**	**37,612**	**1,227**	**62,644**
Transactions with owners in their capacity as owners:					
(i) Dividends paid (Note 15)	–	–	(15,246)	(1,311)	(16,557)
(ii) Share-based payments	–	1,016	–	–	1,016
Total transactions with owners in their capacity as owners	**–**	**1,016**	**(15,246)**	**(1,311)**	**(15,541)**
Balance as at 30 June 2019	**166,279**	**90,934**	**125,777**	**537**	**383,527**
Balance as at 1 July 2017	**166,278**	**26,544**	**14,384**	**50**	**207,256**
Profit for the year	**–**	**–**	**97,603**	**576**	**98,179**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve net of income tax	–	24,256	–	–	24,256
(ii) Net movement in foreign currency translation reserve	–	13,932	–	(5)	13,927
Total comprehensive income for the year	**–**	**38,188**	**97,603**	**571**	**136,362**
Transactions with owners in their capacity as owners:					
(i) Issuance of ordinary shares (Note 13)	1	–	–	–	1
(ii) Dividends paid (Note 15)	–	–	(8,576)	–	(8,576)
(iii) Share-based payments	–	1,381	–	–	1,381
Total transactions with owners in their capacity as owners	**1**	**1,381**	**(8,576)**	**–**	**(7,194)**
Balance as at 30 June 2018	**166,279**	**66,113**	**103,411**	**621**	**336,424**

The accompanying notes form part of these consolidated financial statements.
The consolidated statement of changes in equity for the year ended 30 June 2018 has been restated. Refer to Note 20 for the explanation.

	Note	2019 $'000	2018 $'000
Cash flow from operating activities			
Receipts from customers		44,135	36,904
Payments to suppliers and employees		(39,430)	(29,845)
Dividends and distributions received		19,475	18,586
Interest received		1,046	1,075
Interest paid		(844)	(1,102)
Income tax paid		(26,746)	(5,335)
Net cash (used in)/provided by operating activities	4	**(2,364)**	**20,283**
Cash flow from investing activities			
Proceeds from sale of associates		103,188	110,065
Payments for the purchase of associates		(94,825)	(2,724)
Additional contributions to associates		(127)	(144)
Proceeds from maturity/(investment in) short-term deposits		20,000	(20,000)
Receipts of funds previously held in escrow		–	6,514
Collections of financial assets at amortised cost		5,814	3,676
Proceeds from sale of financial assets at FVTPL		21,510	–
Collections of financial assets at FVTPL		619	–
Payments for the purchase of financial assets at FVTPL		(47,038)	–
Payments for the purchase of financial assets at FVTOCI		(1,515)	–
Additional contributions to available-for-sale investments		–	(933)
Additional loans provided to third parties		–	(3,040)
Capital contributions to Nereus Holdings, LP		(542)	(817)
Payment for the purchase of plant and equipment		(178)	(1,088)
Net cash provided by investing activities		**6,906**	**91,509**
Cash flow from financing activities			
Proceeds from issuance of shares (net of transaction costs)		–	1
(Repayment)/proceeds from borrowing		(9,269)	9,269
Repayments of financial liabilities		(8,494)	(42,430)
Dividends paid		(15,246)	(8,576)
Dividends paid to non-controlling interest		(1,311)	–
Net cash (used in) financing activities		**(34,320)**	**(41,736)**
Net (decrease)/increase in cash and cash equivalents held		**(29,778)**	**70,056**
Cash at beginning of the financial year		110,096	40,248
Unrealised foreign exchange difference in cash		(86)	(208)
Cash at end of financial year	5	**80,232**	**110,096**
Non-cash investing and financing activities			
Investing activities	4	(12,214)	–
Financing activities	4	12,214	–

The accompanying notes form part of these consolidated financial statements.

Index to the Notes to the Financial Statements

A. BASIS OF PREPARATION

This general-purpose financial report for Pacific Current Group Limited ("PAC" or the "Company") and its controlled entities (the "Group"), for the year ended 30 June 2019.

It has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS') as issued by the International Accounting Standards Board ("IASB"). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

All amounts are presented in Australian dollars, unless otherwise stated.

The Company is a company limited by shares incorporated and domiciled in Australia. Its shares are listed for trading on the Australian Securities Exchange ("ASX") with a ticker code PAC. It is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

a. Historical cost convention

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of AASB 2 'Share based Payments', leasing transactions that are within the scope of AASB 117 'Leases' and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 'Impairment of Assets'.

b. Significant accounting policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The accounting policies have consistently applied to all the year presented, unless otherwise stated.

c. Going concern

This general-purpose financial report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable.

d. Comparatives

The accounting policies adopted by the Group in the preparation and presentation of the financial statements have been consistently applied, except for the impact of the implementation of AASB 9 'Financial Instruments' ("AASB 9") and AASB 15 'Revenue from Contracts with Customers' ("AASB 15"). Where necessary, comparative information has been reclassified, repositioned and restated for consistency with current year disclosures.

e. Critical accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its estimates and judgments in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its estimates and judgments on historical information and other factors, including expectations of future events that may have an impact on the Group. All estimates, judgments and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates, judgments and assumptions.

Significant estimates, judgments and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

- Revenue recognition of carried interest (performance fees) - refer to Note 1c;
- Income tax, tax basis for USA investments and recovery of deferred tax assets;
- Valuation of financial assets at fair value and impairment of financial assets at amortised cost - refer to Note 7c;
- Valuation of financial liabilities at fair value – refer to Note 12c;
- Impairment of goodwill and other identifiable intangible assets - refer to Note 17c;
- Impairment of investments in associates - refer to Note 18c; and
- Share-based payment transactions.

f. Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

B. GROUP RESULTS FOR THE FINANCIAL YEAR

This section provides information regarding the results and performance of the Group during the year, including further details on revenue, other income and net gains on investments and financial liabilities, expenses, income tax, segment information, earnings per share and reconciliation of cashflows.

1. Revenue

a. Analysis of balance

The Group derives its revenue from transfer of services over time and at a point in time as below:

	2019 $'000	2018 $'000
Timing of revenue recognition		
Over time		
- Fund management fees	32,683	30,300
- Performance fees	2,617	620
- Commission revenue	5,316	6,251
- Retainer revenue	751	187
- Service fees	65	76
- Sundry revenue	3	30
	41,435	37,464
At a point in time		
- Sundry revenue	66	20
Total revenue	**41,501**	**37,484**

Adoption of AASB 15 resulted in the disaggregation of revenue from contracts with customers into categories that depict the nature, amount, timing of revenue. The Group disaggregated its revenue based on the type of contracts and per segment. The prior year presentation of revenue was also revised to align with the current year presentation.

b. Accounting policies

(i) Fund management fees

The revenue is recognised in the accounting period in which the asset management services are rendered and the performance obligation is met. The transaction price for fund management fees for each performance obligation is the defined contractual rate of the average assets under management or committed capital for the relevant accounting period.

The relevant Investment Management Agreement contains a series of performance obligations relating to the provision of asset management services to the underlying funds and mandates. A performance obligation within the series is identified as the performance of asset management and associated record management for monthly reporting. This performance obligation is repeated monthly for the term of the contract and as such the contract meets the definition of a series of obligations. The performance obligation is satisfied over the month when services have been provided to the client.

Estimates of management fee revenue are revised when the Group's controlled entities and counterparties finalise and confirm the fees. Any resulting increases or decreases in management fees are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

(ii) Performance fees

Performance fees arise when the performance of the asset under management exceeds a threshold. As the services provided under the Investment Management Agreement constitute a series of performance obligations performed on a monthly basis, subject to performance of the asset under management, the Group may meet those obligations throughout the term of the contract. However, as the performance fee is contingent on the performance of the funds under management for the full period of the contract, the revenue cannot be recognised, as it is not highly probable that this revenue will not be significantly reversed. This is typically towards the end of the expected life of the funds.

As the services provided under the Investment Management Agreement constitute a series of performance obligations performed on a monthly basis, subject to performance of the funds, the Group may meet those obligations throughout the term of the contract. However, as the performance fee is contingent on the performance of the funds for the full period of the contract, the revenue cannot be recognised as due to potential market down-turns, it is not highly probable that this revenue will not be significantly reversed. This revenue will only be recognised when it is highly probable that no significant reversal will occur.

Are The performance fee is calculated in accordance with the calculation methodology of the underlying funds as defined in the relevant agreements.

(iii) Commission revenue

Commission revenue arises when the Group provides sales services to its clients. The Group is entitled to a trail commission over three years in accordance with the Sales and Marketing Services Agreement when the client has invested in the funds or mandates of the asset managers and performance obligations have been met. The transaction price is the gross revenue generated from the mandate multiplied by the contractual rates.

The relevant Sales and Marketing Services Agreement contains a series of performance obligations relating to sales and marketing support services. A performance obligation within the series is identified as the performance of sales and marketing support. This performance obligation is repeated monthly for the term of the contract and as such the contract meets the definition of a series of obligations. The performance obligation is satisfied over the month when services have been provided to the client.

As the commission revenue correlates to the gross revenues of the mandates, the revenue cannot be recognised on a straight-line basis, since it is not highly probable that this revenue will not be reversed. The revenue is only recognised in the period where the gross revenue generated from the mandates are able to be reliably measured.

If the mandate with the asset manager is lost within the three-year period, the commission revenue will cease from the time the mandate is lost.

(iv) Retainer revenue

Retainer revenue arises when the Group provides distribution services. The revenue is recognised in the accounting period in which the service is rendered and the performance obligation has been met. The transaction price for each performance obligation is the defined contractual rate for the relevant accounting period.

The relevant Sales and Marketing Services Agreement contains a series of performance obligations relating to sales and marketing support services. A performance obligation within the series is identified as the performance of sales and marketing support. This performance obligation is repeated monthly for the term of the contract and as such the contract meets the definition of a series of obligations. The performance obligation is satisfied over the month when services have been provided to the client.

(v) Service fees

Service fees arise when the Group provides accounting and finance services to its related parties. The revenue is recognised in the accounting period in which the service is rendered and the performance obligation is met. The transaction price for each performance obligation is the defined contractual rate for the relevant accounting period.

The relevant Service Agreement contains a series of performance obligations relating to the provision of accounting and administration services. A performance obligation within the series is identified as the performance of accounting and administration services and associated record management for monthly reporting. This performance obligation is repeated monthly for the term of the contract and as such the contract meets the definition of a series of obligations. The performance obligation is satisfied over the month when services have been provided to the client.

c. Key estimates, judgments and assumptions

Revenue recognition of performance fees

Performance fees is only recognised by the Group when it is highly probable that the revenue will not be reversed. Any performance related fees that were recognised by the subsidiaries and/or equity accounted investments that do not qualify for the recognition requirements are excluded in the consolidation and take up of the share of the profits/losses. Non-recognition of these performance related fees minimises the time horizon where underlying asset values may fluctuate broadly enough to erode the unrealised component.

2. Other income and net gains on investments and financial liabilities

a. Analysis of balances

	2019 $'000	2018 $'000
Other income:		
Interest income:		
- Related parties - associates	–	178
- Other persons/corporations	1,286	1,412
	1,286	1,590
Distributions and dividend income	19,851	5,293
Earn-out income	128	1,547
Adjustment in deferred commitments	–	492
Sundry income	87	–
Total other income	**21,352**	**8,922**
Net gains on investments and financial liabilities:		
Gain on sale of associates	73,003	105,031
Gain on sale of investments	10	–
Changes in fair values:		
- financial liabilities through profit or loss	(414)	–
- financial assets through profit or loss	(91)	(1,200)
	(505)	(1,200)
Loss on redemption and cancellation of X-RPUs	–	(844)
Total net gains on investments/financial liabilities	**72,508**	**102,987**

b. Accounting policies

(i) Interest income

Interest income is recognised on an accruals basis, taking into account the effective yield of the financial asset.

(ii) Distributions and dividend income

Distribution and dividend income from investments is recognised when the Group's right to receive payment has been established and the amount can be reliably measured.

(iii) Gain or loss on sale on disposal of investments

Gain or loss is recognised in the consolidated statement of profit or loss in the period in which the transaction is concluded. The value is determined as the difference between the carrying amount of the assets and liabilities being disposed and the fair value of the consideration received.

(iv) Changes in fair values of financial assets and liabilities

Refer to Note 7 and Note 12, respectively for the accounting policies.

3. Expenses

a. Analysis of balances

	2019 $'000	2018 $'000
Salaries and employee benefits:		
- Salaries and employee benefits	23,104	21,283
- Share-based payment expense	1,016	1,381
Total salaries and employee benefits	**24,120**	**22,664**
Impairment expenses:		
- Impairment of capital contributions:		
- Nereus Holdings LP ("Nereus")	542	781
- Impairment of investment in associates (refer to Note 18):		
- Alphashares, LLC	360	–
- Blackcrane Capital, LLC ("Blackcrane")	1,883	–
- Freehold Investment Management Limited ("FIM")	671	–
- Northern Lights Alternative Advisors Ltd ("NLAA")	–	4,818
	2,914	4,818
- Impairment of goodwill in subsidiaries (refer to Note 17):		
- Aether Investment Partners, LLC ("Aether")	1,590	–
- Seizert Capital Partners, LLC ("Seizert")	24,353	–
	25,943	–
- Impairment of financial assets:		
- Raven Capital Management LLC ("Raven")	–	67
Total impairment expenses	**29,399**	**5,666**

	2019 $'000	2018 $'000
Administration and general expenses		
- Accounting and audit fees	2,866	2,122
- Broker and consulting fees[1]	1,310	403
- Commission and marketing expenses	1,819	2,905
- Computer and software maintenance expenses	856	742
- Deal costs	1,201	181
- Directors' fees	610	410
- Insurance expense	1,476	1,208
- Lease expenses	1,089	1,171
- Legal, compliance and professional fees	1,806	2,642
- Net foreign exchange loss	1,070	2,639
- Provision for estimated liability for Nereus (Note 11)	7,688	–
- Share registry and regulatory fees	182	158
- Taxes and license fees	952	669
- Travel and accommodation costs	1,338	1,132
- Other general expenses	1,088	1,610
Total administration and general expenses	**25,351**	**17,992**

Notes:
[1] The broker and consulting fees pertained to the cost of services in relation to the appointment of an external party to identify suitable investors for the two operating solar PV generation plants of Nereus.

Depreciation and amortisation expense:		
- Depreciation expense	368	251
- Amortisation of management rights	2,624	1,362
Total depreciation and amortisation expense	**2,992**	**1,613**
Interest expense:		
- Notes payable - Seizert	587	1,125
- X RPUs	–	442
- Unwinding of discount on the retention payments	–	107
- Other	61	–
Total interest expenses	**648**	**1,674**
Total expenses	**82,510**	**49,609**

b. Accounting policies

(i) Expenses

Expenses are recognised at the fair value of the consideration paid or payable for services or goods received.

(ii) Impairment expenses

Refer to Note 6, Note 7, Note 17 and Note 18 for the accounting policies.

(iii) Foreign exchange (gain)/loss

Refer to Note 16(ii) for the accounting policies.

(iv) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(v) Interest expense

Interest expense is recognised as it accrues using the effective interest method.

4. Notes to consolidated statement of cash flows

Analysis of balances

(i) Reconciliation of cash flow from operations with profit after income tax

	2019 $'000	2018 (Restated) $'000
Profit from ordinary activities after income tax	38,890	98,179
Adjustments and non-cash items:		
- Impairment of assets	29,399	5,666
- Dividends received/receivable from associates	5,716	13,366
- Depreciation and amortisation expense	2,992	1,613
- Share based payments	1,016	1,381
- Non-operating foreign exchange transactions	373	7,801
- Net gains on investments	(72,508)	(102,987)
- Share of net (profit)/loss from associates	(1,118)	4,374
- Non-operating interest income	(240)	(481)
- Non-operating interest expense	(196)	549
- Adjustment in deferred commitments	–	(492)
- Other	(135)	29
Changes in operating assets and liabilities:		
- (Increase) in trade and other receivables	(3,674)	(2,408)
- Decrease in other assets	292	288
- Increase in trade and other payables	976	1,708
- (Decrease)/increase in current tax liabilities	(12,328)	7,782
- Net decrease/(increase) in deferred taxes	156	(16,190)
- Increase in provisions	8,025	105
Cash flows (used in)/provided by operating activities	**(2,364)**	**20,283**

(ii) Non-cash investing and financing activities

Investing activities:		
- Recognition of management rights	(12,214)	–
Financing activities:		
- Recognition of earn-out liabilities	12,214	–

(iii) Bank facility

The Group has no bank facility as at 30 June 2019 (2018: bank facility of $15,000,000 of which $9,269,000 was utilised).

C. OPERATING ASSETS AND LIABILITIES

5. Cash and cash equivalents and short-term deposits

a. Analysis of balances

	2019 $'000	2018 $'000
Cash and cash equivalents		
- Cash at bank	80,231	110,095
- Cash on hand	1	1
	80,232	**110,096**
Short-term deposits		
- Term deposit[1]	**–**	**20,000**

Notes:
[1] The term deposit earned interest at 2.4% per annum and matured on 5 October 2018.

b. Accounting policies

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the consolidated statement of cash flows, cash consist of cash and cash equivalents.

For short-term deposits with an original maturity of more than three months but less than one year, these are classified separately as short-term deposits.

6. Trade and other receivables

a. Analysis of the balances

	2019 $'000	2018 $'000
Current		
Trade receivables	5,742	8,596
Contract assets[1]	899	–
Dividend receivable	6,165	73
Sundry receivables	3	466
	12,809	**9,135**

Notes:
[1] Adoption of AASB 15 resulted in the reclassification of contract assets which was previously included as part of sundry receivables.

(i) Impairment

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The loss allowance for trade receivables and contract assets as at 30 June 2019 was determined as follows:

	Current	Past due 31- 60 days	Past due 61- 90 days	Past due over 90 days	Total
Expected loss rate	0.050%	0.050%	2.564%	5.263%	
Gross carrying amount ($'000)	5,203	948	7	483	6,641
Loss allowance ($)	2,602	474	144	25,423	28,643

Applying the expected credit loss model for dividend receivable and sundry receivables resulted to a loss of $3,000 at 30 June 2019.

As the expected credit losses for trade and other receivables was considered immaterial, no impairment provision was recognised.

b. Accounting policies

Trade receivables, which are generally on 30 days terms, are recognised at fair value and subsequently valued at amortised cost, less any allowance for uncollectible amounts. Cash flows relating to short term receivables are not discounted as any discount would be immaterial.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled asset management and distribution services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. In determining the expected loss rates, the Group reviewed the collection history, anticipated collection trend for the year and the credit worthiness of its counterparties. The Group's counterparties are institutional clients with high credit ratings with no known history of default.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

7. Other financial assets

a. Analysis of the balances

	Type of Instrument	2019 $'000	2018 $'000
Current			
Financial assets at amortised cost:			
- Receivable from other party[1]	Debt	5,108	–
- Receivable from EAM Investors, LLC ("EAM Investors")[2]	Debt	731	–
- Sublease receivable	Debt	293	–
- Loans receivable from third parties	Debt	48	–
		6,180	–
Financial assets at fair value through profit or loss ("FVTPL"):			
- Receivable from Raven[3]	Debt	1,338	–
		7,518	**–**
Non-current			
Financial assets at amortised cost:			
- Receivable from EAM Investors[2]	Debt	1,869	–
- Sublease receivable	Debt	314	–
		2,183	–
Financial assets at FVTPL:			
- Receivable from Raven[3]	Debt	2,517	–
- Investment in Carlisle Management Company, SCA ("Carlisle")[4]	Debt/Equity	48,766	–
- Investment in RARE[5]	Equity	–	21,500
		51,283	21,500
Financial assets at fair value through other comprehensive income ("FVTOCI"):			
- Investment in EAM Global[6]	Equity	8,543	–
- Investment in GQG Partners, LLC("GQG")[7]	Equity	56,526	–
- Investment in Independent Financial Planners Group ("IFP")[8]	Equity	1,531	–
		66,600	–
Available-for sale investments:			
- Investment in EAM Global[6]	Equity	–	10,129
- Investment in GQG[7]	Equity	–	43,487
- Investment in Nereus[9]	Equity	–	–
		–	53,616
		120,066	**75,116**

Adoption of AASB 9 resulted in these assets being reclassified from loans and other receivables and other assets effective 1 July 2018. Refer to Note 8 and Note 9.

Notes:

[1] The receivable from other party pertains to the remaining retention amount including interest held in escrow from the sale of IML. The escrow account is an interest-bearing corporate trust account held with an Australian bank. It is expected to be collected in October 2019.

[2] The receivable from EAM Investors pertains to the financing of USD2,250,000 provided by the Group on 21 February 2018. The loan has a term of six-years with interest of 10% per annum to assist EAM Investors in financing the repurchase of its equity from an outside shareholder. Repayments are received on a quarterly basis and the loan is expected to be fully settled by EAM Investors in June 2024.

[3] The receivable from Raven pertains to the earn out component of the consideration on the sale of the investment on 14 October 2016. The Group is paid 33.33% of the management fees earned by Raven on new FUM. Payments are calculated quarterly until the USD3,500,000 earn out cap is met. At 30 June 2019, the amount of USD435,000 was received and the balance of the earn-out was fair valued using discounted cash flows method at 7.78% with the related changes in fair value of $91,000 taken to profit or loss.

[4] The investment in Carlisle pertains to the purchase of 12,500 Preferred Shares of Carlisle and 5,000,000 units of Contingent Convertible Bonds ("CoCo Bonds") issued by Carlisle acquired on 31 January 2019 for a total consideration of $47,038,000 (USD34,250,000). The Group is entitled to 16% of the revenues and 40% of the liquidation proceeds in the event of a sale. Carlisle, founded in 2009, is a fully regulated alternative investment fund manager which manages alternative investment funds exclusively investing in US life settlements. Carlisle is organised under the laws of Luxembourg as a partnership limited by shares (SCA or Société en commandite par actions). The Luxembourg Regulator approved the transaction on 9 May 2019 with effect on 31 January 2019.

[5] The investment in RARE pertained to the Group's 10% interest in RARE. On 2 July 2018, the Group exercised its put option and the sale was completed on 10 October 2018.

[6] The investment in EAM Global pertains to the Group's 18.75% interest in EAM Global and is entitled to percentage of revenues of EAM Global based on certain threshold. EAM Global was founded in March 2014, organised as a Delaware Limited Liability Company and is registered with the U.S. Securities and Exchange Commission. EAM Global offers investment advisory services on a discretionary basis to mutual funds, private pools, pension and profit-sharing plans, trusts, estates, and charitable organisations. Client relationship asset levels generally range between USD5,000,000 and USD150,000,000. EAM Global generates the majority of its revenues by providing advisory services to domestic customers. Fees for such services are asset based and as a result, its revenues are variable and subject to market volatility.

[7] The investment in GQG pertains to the Group's 5% interest in GQG entitling the Group to 5% of the revenues of GQG. GQG was formed in April 2016, organised as a Delaware Limited Liability Company and is registered with the USA Securities and Exchange Commission. GQG is an investment advisor and provides investment advisory and asset management services to a number of investment funds and managed accounts for USA and Non-USA investors. GQG acts as investment manager for GQG Partners International Equity Fund, GQG Partners Global Equity Fund, GQG Partners Emerging Markets Equity Fund as well as two mutual funds that invest in global and emerging markets equities.

[8] The investment in IFP pertains to the Group's initial 10% equity interest in IFP acquired on 24 January 2019 for $1,515,000 (USD1,075,000) of a $3,666,000 (USD2,575,000) total commitment for up to 25% of equity interest. IFP, founded in 2000, is a privately held, family-owned firm. IFP is a multi-custodial registered investment adviser focused on delivering personalised, concierge-level service to over 500 advisors in the US specialising in wealth management and retirement plan consulting.

[9] The investment in Nereus pertains to the Group's interest in Class A shares of Nereus, a private equity firm based in India focused on renewable energy assets. On 11 September 2018, the Group entered a Sell-side Advisory Agreement to identify suitable investors for two operating solar PV generation plants of Nereus with Centrum Central Capital. At 30 June 2019, management assessed the investment in Nereus to be assets held-for-sale in accordance with the requirements of AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*. As the carrying value of the Group's investment in Nereus is nil, there were no actual reclassifications made to assets held for sale.

(i) Impairment of other financial assets at amortised cost

At 30 June 2019, an assessment on the expected credit losses was made on other financial assets at amortised cost and determined a total allowance of $12,000 which was not recognised because the amount was considered immaterial.

(ii) Movement of financial assets at amortised cost

	Opening balance $'000	Impact of application of AASB 9 $'000	Interest accrued $'000	Collections $'000	Reclassi-fications $'000	Foreign currency movement $'000	Closing balance $'000
2019							
Current	–	6,045	380	(6,169)	5,890	34	6,180
Non-current	–	7,858	62	–	(5,890)	153	2,183
	–	13,903	442	(6,169)	–	187	8,363

(iii) Movement of financial assets at FVTPL

	Opening balance $'000	Impact of application of AASB 9 $'000	Additions $'000	Collections /disposals $'000	Change in fair value $'000	Reclassific ation $'000	Foreign currency movement $'000	Closing balance $'000
2019								
Current	–	2,836	–	(619)	–	(1,033)	154	1,338
Non-current	21,500	1,494	47,038	(21,500)	(91)	1,033	1,809	51,283
	21,500	4,330	47,038	(22,119)	(91)	–	1,963	52,621
2018								
Non-current	22,700	–	–	–	(1,200)	–	–	21,500

(iv) Movement of financial assets at FVTOCI

	Opening balance $'000	Impact of application of AASB 9 $'000	Additions $'000	Disposals $'000	Change in fair value $'000	Foreign currency movement $'000	Closing balance $'000
2019							
Non-current	–	53,616	1,515	–	8,390	3,079	66,600

(v) Movement of available-for sale investments

	Opening balance $'000	Impact of application of AASB 9 $'000	Additions $'000	Impairment $'000	Change in fair value $'000	Foreign currency movement $'000	Closing balance $'000
2019							
Non-current	53,616	(53,616)	–	–	–	–	–
2018							
Non-current	30,174	–	1,919	(781)	21,233	1,071	53,616

b. Accounting policies

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost and
- those to be measured subsequently at fair value, either through profit or loss or through other comprehensive income.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group had made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii.a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(ii.a.1) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(ii.a.2) FVTOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

(ii.a.3) FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(ii.b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as dividend income when the Group's right to receive payments is established.

Changes in the fair value of FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iii) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset (debt instrument) in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and the accumulated equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

c. Key estimates, judgments and assumptions

(i) Valuation of financial assets at fair value

The Group exercises significant judgement in areas that are highly subjective. The valuation of assets and the assessment of carrying values require that a detailed assessment be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash flows that are discounted at a rate that imputes relative risk and cost of capital considerations.

(ii) Impairment of financial assets at amortised cost

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

From 1 July 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether credit risk has increased significantly since initial recognition, the Group considers the following information:

- Significant deterioration in external market indicators of credit risk to which the fair value of the financial asset is substantially lower than its amortised cost;
- Existing or expected changes in business, financial or economic conditions that will cause a significant decrease in the debtor's ability to meet it debt obligations;
- Actual or expected significant deterioration in the operating results of the debtor; and
- Actual or expected adverse impact due to regulatory changes and issues that will result in a significant decrease in the debtor's ability to meet it debt obligations.

8. Loans and other receivables

Analysis of balances

	2019 $'000	2018 $'000
Current		
Receivable from other party	–	5,046
Receivable from EAM Investors	–	687
Loans receivable from third parties	–	42
	–	**5,775**
Non-current		
Receivable from other party	–	5,046
Receivable from EAM Investors	–	2,279
	–	**7,325**

Adoption of AASB 9 resulted in these assets being reclassified from loans and other receivables to financial assets at amortised cost effective 1 July 2018. Refer to Note 7.

Movement of loans and other receivables

	Opening balance $'000	Impact on application of AASB 9 $'000	Additions $'000	Interest accrued $'000	Collections $'000	Reclassi-fications $'000	Foreign currency movement $'000	Closing balance $'000
2019								
Current	5,775	(5,775)	–	–	–	–	–	–
Non-current	7,325	(7,325)	–	–	–	–	–	–
	13,100	(13,100)	–	–	–	–	–	–
2018								
Current	304	–	5,001	56	(314)	728	–	5,775
Non-current	3,292	–	8,039	297	(3,558)	(728)	(17)	7,325
	3,596	–	13,040	353	(3,872)	–	(17)	13,100

9. Other assets

a. Analysis of balances

	2019 $'000	2018 $'000
Current		
Prepayments	1,929	2,160
Receivable from Raven[1]	–	2,836
Sublease receivable[2]	–	270
Other security deposits and current assets	139	176
	2,068	**5,442**
Non-current		
Receivable from Raven[1]	–	1,494
Sublease receivable[2]	–	533
Other security deposits and assets	254	279
	254	**2,306**

Notes:
[1] Adoption of AASB 9 resulted in this asset being reclassified to financial assets at fair value through profit or loss effective 1 July 2018. Refer to Note 7 for details.
[2] Reclassified to financial assets at amortised cost in order to combine similar financial instruments. Refer to Note 7 for details.

b. Impairment of other security deposits

At 30 June 2019, an assessment on the expected credit losses was made on other security deposits and determined a total allowance of less than $1,000. This was not recognised because the amount was considered immaterial.

10. Trade and other payables

a. Analysis of balances

	2019 $'000	2018 $'000
Current		
Trade payables	801	1,239
Other payables	6,705	5,291
	7,506	**6,530**

b. Accounting policies

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

11. Provisions

a. Analysis of balances

	2019 $'000	2018 $'000
Current		
Provision for estimated liability for Nereus[1]	7,926	–
Provision for annual leave	481	410
	8,407	**410**
Non-current		
Provision for long service leave	**219**	**191**

Notes:

[1] Pursuant to and in connection with the Aurora Share Subscription and Assignment Deed, dated 28 July 2015, between Aurora Investment Management Pty Ltd (as the Trustee of Aurora Trust), the Aurora Trust, Hareon Solar Singapore Private Limited ("Hareon"), Nereus Capital Investments (Singapore) Pte. Ltd ("NCI") and Nereus agreed to make a contingent "Additional Contribution" to NCI of up to USD25,000,000. This Additional Contribution can be drawn by NCI only to fund the exercise of the Put Option, which is held by Hareon, when and if it is exercised. In the Shareholders' Deed, dated 28 July 2015, Hareon may put its Class H Shares back to NCI at the "Put Option Price" any time within 60 days following the sixth anniversary of the commissioning of the first solar project sponsored by NCI, which occurred in June 2016. As at 30 June 2019, the fair value of the investment in Nereus was Nil (2018: Nil). Refer to Note 7 for details.

Management assessment of the redemption of Class H Shares is estimated to be $30,996,000 (USD21,770,000) and fair value of the solar projects in Nereus is approximately $23,070,000 (USD16,203,000). At 30 June 2019, the difference between the redemption value of the Class H Shares and the fair value of the solar projects is provided in full as potential obligation of the Group.

Movement of provision for estimated liability for Nereus for the year

	2019 $'000	2018 $'000
Opening balance	–	–
Provisions for the year (Note 3)	7,688	–
Foreign currency movement	238	–
Ending balance	**7,926**	**–**

b. Accounting policies

(i) Provisions

Provisions are recognised when the Group has a present obligation (contractual, legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) Provision for annual leave and long service leave

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave in the period the related service is rendered, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT

12. Financial liabilities

a. Analysis of balances

	2019 $'000	2018 $'000
Current		
Financial liabilities at amortised cost:		
- Bank overdraft (Note 4)	–	9,269
- Notes payable - Seizert[1]	7,499	1,600
- Share of deferred commitments[2]	–	2,045
- Sublease liability	246	225
	7,745	13,139
Financial liabilities at FVTPL		
- Earn-out liability[3]	9,224	–
	16,969	**13,139**
Non-current		
Financial liabilities at amortised cost:		
- Notes payable – Seizert[1]	–	11,817
- Sublease liability	255	443
	255	12,260
Financial liabilities at FVTPL:		
- Earn out liability[3]	3,433	–
- Deferred payment – former owners of EAM Global[4]	165	169
	3,598	169
	3,853	**12,429**

Notes:

[1] The notes payable – Seizert pertains to the notes issued by the Trust in November 2014 to the former owners of Seizert as part of the consideration for the acquisition by Midco for the equity interest in Seizert. The interest rate associated with the notes equals the 12-month LIBOR rate plus 5%. The Group made payments to the holders of the notes payable of an amount of $6,969,000 (USD5,096,000) on 29 November 2018. The outstanding balance is due on 24 November 2019.

[2] The share of deferred commitments pertained to 40% share in RARE deferred commitments in accordance with the side agreement amongst the former owners of RARE to lock in the employment of the investment team with RARE for a certain number of years. An 8% discount rate was applied to determine the net present value of this liability as at 21 October 2015. At 30 June 2019, the share in deferred commitments had been paid in full.

[3] The earn-out liability represents the amount owed by the Group to the two founders of Aether, for marketing and offering interests in the Aether Real Assets V, L.P. ("ARA Fund V"). As part of the merger between the Company and Northern Lights Capital Partners ("NLCP"), Aether was acquired by the Group in November 2014 under the provisions of the Purchase Agreement ("Purchase Agreement") executed by and between the Company, NLCP and former founders of Aether. The Purchase Agreement contemplated the creation of, at least, ARA Fund IV, ARA Fund V and ARA Fund VI. At the time of execution of the Purchase Agreement, ARA Fund IV was closing. The Group will distribute to the founders 50% of the revenue to be generated by any new funds that close before ARA Fund VI and that earn more than US$2,500,000 of average annual revenue. The Group is effectively benefitting from the remaining 50% of ARA Fund V revenues over its 12 years life.

During the year, ARA Fund V was launched, with its first soft close occurred on 21 July 2018, second close occurring on 2 January 2019 and formal close occurred on 20 July 2019. ARA Fund V has raised funds under management ("FUM") and earned management fees during the year. By virtue of Aether recognising these FUM and the associated revenue at 30 June 2019, the Group has effectively acknowledged an obligation relating to ARA Fund V and created a valid expectation on the part of other parties that it will discharge its responsibilities. Accordingly, the Group recorded an earn-out liability for ARA Fund V. Two thirds of each earn-out amount is due within 90 days of each fund's final close. The remainder is due at the earlier of the final close of ARA Fund VII or 3 years after the close of ARA Fund VI.

[4] The deferred payment pertains to the acquisition of the additional 375 preferred units in EAM Global from its former owners representing additional 3.75% equity ownership in EAM Global. This is based on the projected 2% and 1% of EAM Global's gross revenues for the year ending 31 March 2022 and 31 March 2023, respectively. The deferred payment will be settled 60 days after 31 March 2022 and 31 March 2023.

(i) Movement of financial liabilities at amortised cost

	Opening balance $'000	Additions $'000	Imputed and interest accrued $'000	Repayments $'000	Reclassi-fications $'000	Adjustment $'000	Foreign currency movement $'000	Closing balance $'000
2019								
Current	13,139	–	693	(18,618)	12,670	43	(182)	7,745
Non-current	12,260	–	–	–	(12,670)	–	665	255
	25,399		693	(18,618)	–	43	483	8,000
2018								
Current	27,982	9,269	450	(28,439)	3,851	272	(246)	13,139
Non-current	28,710	–	1,254	(14,392)	(3,851)	81	458	12,260
	56,692	9,269	1,704	(42,831)	–	353	212	25,399

(ii) Movement of financial liabilities at FVTPL

	Opening balance $'000	Additions $'000	Revaluation $'000	Foreign currency movement $'000	Closing balance $'000
2019					
Current	–	8,901	311	12	9,224
Non-current	169	3,313	103	13	3,598
	169	12,214	414	25	12,822
2018					
Non-current	–	163	–	6	169

b. Accounting policies

The Group's financial liabilities are classified in accordance with the substance of the contractual arrangement.

(i) Financial liabilities at amortised cost

These financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities at FVTPL

The Group designates its financial liabilities as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the standard permits the entire combined contract to be designated as at fair value through profit or loss.

(iii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss under net gains/(losses on financial liabilities.

c. Key estimates, judgements and assumptions

(i) Valuation of financial liabilities at fair value

The Group exercises significant judgement in areas that are highly subjective. The valuation of liabilities and the assessment of carrying values require that a detailed assessment be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash outflows that are discounted at a rate that imputes relative risk and cost of capital considerations.

13. Share capital

a. Analysis of balances

	2019 $'000	2018 $'000
Issued and fully paid ordinary shares	**166,279**	**166,279**

(a) Movements in ordinary shares on issue

	2019		2018	
	No. of shares	$'000	No. of shares	$'000
Opening balance	47,642,367	166,279	47,642,330	166,278
Shares issued:				
- 18 October 2017	–	–	37	1
Closing balance	**47,642,367**	**166,279**	**47,642,367**	**166,279**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

b. Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

c. Capital management

The Company's capital management policies focus on ordinary share capital. When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders.

During the year ended 30 June 2019, the Company paid dividends of $15,246,000 (2018: $8,576,000). The Board anticipates that the medium payout ratio is 50% to 80% of the underlying net profit after tax of the Group. The Board continues to monitor the appropriate dividend payout ratio over the medium term.

The Board is constantly reviewing the capital structure to take advantage of favourable cost of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders or conduct share buybacks.

14. Reserves

a. Analysis of balances

	2019 $'000	2018 (restated) $'000
Investment revaluation reserve	36,316	27,320
Foreign currency translation reserve	47,844	33,035
Equity-settled employee benefits reserve	6,774	5,758
	90,934	**66,113**

(i) Investment revaluation reserve

Effective 1 July 2018, this reserve records the Group's gain on its financial assets at FVTOCI following the adoption of AASB 9. In prior year, this reserve records the Group's net gain on its available-for-sale investments, net of income tax.

Movements in reserve:

	2019	2018
Opening balance	27,320	3,064
Net fair value gain on financial assets at FVTOCI, net of income tax	6,627	–
Reversal of the share of net fair value gain on available-for-sale financial assets of an associate derecognised in the prior year	–	(131)
Net fair value gain on available-for-sale financial assets, net of income tax	–	23,156
Share in the fair value loss on available-for-sale financial assets of an associate	–	(106)
Foreign currency movement	2,369	1,337
Closing balance	**36,316**	**27,320**

(ii) Foreign currency translation reserve

The reserve records the Group's foreign currency translation reserve on foreign operations.

Movements in reserve:

	2019	2018
Opening balance	33,035	19,103
Exchange differences on translating foreign operations of the Group	14,758	13,927
Share of non-controlling interests	51	5
Closing balance	**47,844**	**33,035**

(iii) Equity settled employee benefits reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

Movements in reserve:

	2019	2018
Opening balance	5,758	4,377
Share-based payments	1,016	1,381
Closing balance	**6,774**	**5,758**

15. Dividends paid and proposed

a. Analysis of balances

	2019 $'000	2018 $'000
Previous year final:		
Fully franked dividend (22 cents per share) (2018: 18 cents per share)	10,482	8,576
Current year interim:		
Fully franked dividend (10 cents per share) (2018: nil)	4,764	–
	15,246	**8,576**
Declared after the reporting period and not recognised[1]:		
Fully franked dividend (15 cents per share) (2018: 22 cents per share)	7,146	10,482

b. Franking credit balance

	2019 $'000	2018 $'000
The balance at the end of the financial year at 30% (2018: 30%)[2]	31,587	26,511
Franking credits that will arise from the receipt of dividends/distributions recognised as receivables by the parent entity at the reporting date	144	31
The impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders	(3,063)	(4,492)
	28,668	22,050
Franking credits that will arise on payment of current tax liability	2,372	11,297
The amounts of franking credits available for future reporting periods:	**31,040**	**33,347**

The tax rate at which paid dividends have been franked and dividends proposed will be franked is 30% (2018: 30%).

Notes:
[1] Calculation was based on the ordinary shares on issue as at 31 July 2019 (2018: 31 July 2018).
[2] The increase in franking credits arose from the payment of current tax liabilities.

E. GROUP STRUCTURE

16. Interests in subsidiaries

The following are the Company's subsidiaries:

Name of subsidiaries	Country of incorporation	Ownership interest held by the Company	
		2019 %	2018 %
Aurora Investment Management Pty Ltd	Australia	100	100
The Aurora Trust	Australia	100	100
Treasury Evergreen Pty Ltd[1]	Australia	100	100
Treasury Group Investment Services Pty Ltd	Australia	100	100
Treasury ROC Pty Ltd[1]	Australia	100	100
Northern Lights MidCo, LLC (“Midco”)	USA	100	100
Northern Lights Capital Group, LLC	USA	100	100
Carlisle Acquisition Vehicle, LLC (“CAV”)[2]	USA	100	-
NLCG Distributors, LLC	USA	100	100
Northern Lights Capital Partners (UK) Ltd (“NLCPUK”)	UK	100	100
Strategic Capital Investments, LLP	UK	60	60
Northern Lights MidCo II, LLC	USA	100	100
Aether Investment Partners, LLC	USA	100	100
Seizert Capital Partners, LLC[3]	USA	50	50

Notes:
[1] These subsidiaries are holding companies and non-operating.
[2] CAV is a limited liability company set-up on 12 January 2019 to hold the Group’s investment in Carlisle. Midco owns 95% and the remaining 5% is owned by NLCPUK.
[3] The Aurora Trust owns 50% of the common units which are entitled to the 50% voting rights and the 100% of the preferential units which have a preference in the allocation of income and the majority of Board seats which are the basis of control and therefore the treatment of Seizert as a subsidiary.

Accounting policies

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements, and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income/(loss) are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the Australian and US subsidiaries are prepared for the same reporting period as the Company (30 June).

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

(ii) Foreign currency translations and balances

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

17. Intangible assets

a. Analysis of balances

	2019 $'000	2018 $'000
Goodwill, net of impairment	58,133	79,977
Other identifiable intangible assets, at carrying amount		
- Brand and trademark	18,055	17,126
- Management rights	17,906	7,723
	35,961	24,849
Total intangible assets	**94,094**	**104,826**

	Goodwill $'000	Brand and trademark $'000	Management rights $'000	Total $'000
Movement of intangible assets				
2019				
Opening balance	79,977	17,126	7,723	104,826
Additions[1]	–	–	12,213	12,213
Impairment	(25,943)	–	–	(25,943)
Amortisation	–	–	(2,624)	(2,624)
Other movement	–	–	189	189
Effect of foreign currency differences	4,099	929	405	5,433
Closing balance	58,133	18,055	17,906	94,094
2018				
Opening balance	77,159	16,520	8,731	102,410
Amortisation	–	–	(1,362)	(1,362)
Effect of foreign currency differences	2,818	606	354	3,778
Closing balance	79,977	17,126	7,723	104,826

Cash generating units

Goodwill:

	2019 $'000	2018 $'000
- Aether	44,414	43,641
- Seizert	13,719	36,336
	58,133	**79,977**

Notes:

[1] The additions to the management rights refer to the Group's entitlement to receive the management fees to be generated from managing ARA Fund V. The cost to acquire this right was determined based on the 50% of the total revenues to be generated by ARA Fund V. Refer to Note 12 footnote 3 for details.

b. Accounting policies

(i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

(ii) Brand and trademark and management rights

Brand and trademark and management rights acquired as part of a business combination are recognised separately from goodwill. These are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

- Brand and trademark – Subsequent to initial recognition, brand and trademark which have indefinite lives are reported at cost less accumulated impairment losses.
- Management rights – Subsequent to initial recognition, management rights are reported at cost less accumulated amortisation and accumulated impairment losses. Management rights are amortised as follows:

  - Acquired in 2014 – based on a straight-line basis over their estimated remaining useful life of 6.67 years; and
  - Acquired in 2019 – based on 50% of the annual revenue to be earned from ARA Fund V over 12 years.

(iii) Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

(iv) Impairment of brand and trademark and management rights

At the end of each reporting period, the Group reviews the carrying amounts of its brand and trademark and management rights to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is equal to the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Any impairment loss is recognised immediately in profit or loss.

c. Key estimates, judgments and assumptions

Impairment of goodwill and other identifiable intangible assets

At the end of each reporting period, management is required to assess the level of goodwill and other identifiable intangible assets of each of the underlying assets of the Group. Should assets underperform or not meet expected growth targets from prior expectations, a resulting impairment of the goodwill and other identifiable intangible assets are recognised if that deterioration in performance is deemed not to be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. Impairments of goodwill in relation to subsidiaries cannot be reversed if a business recovers or exceeds previous levels of financial performance.

Aether

The recoverable amount of Aether as cash-generating unit is determined based on a value in use calculation which uses cash flow projections. These cash flow projections include expected revenues from existing funds, which are largely certain, as well as anticipated new fund raising every two years. A five-year discrete period was applied as it is believed that it is sufficient time for the business to be in steady state in terms of launching new funds based on the existing plan for the business. During the year, the goodwill and other identifiable intangible assets were assessed and tested for impairment and $1,590,000 impairment (2018: nil) was recognised.

A weighted average discount rate of 15.5% (2018: 15.5%) was applied in the cash flow projections during the discrete period, tax rate of 21% (2018: 21%) and the terminal growth rate of 3% (2018: 4%) were applied.

Seizert

The recoverable amount of Seizert as cash-generating unit is determined based on a value in use calculation which uses cash flow projections. These cash flow projections include expected revenues from existing funds under management, as well as expected FUM movement over the future years. A five-year discrete period was applied as it is believed that it is sufficient time for the business to be in steady state. During the year, the goodwill and other identifiable intangible assets were assessed and tested for impairment and a total impairment of $24,353,000 (2018: nil) was recognised.

A weighted average discount rate of 13.5% (2018: 13.5%) was applied in the cash flow projections during the discrete period, tax rate of 21% (2018: 21%) and the terminal growth rate of 3% (2018: 4%) were applied.

18. Investment in associates

a. Analysis of balances

	2019 $'000	2018 $'000
Opening balance	46,023	79,499
Acquisition of associates	94,825	2,724
Contribution to associates	127	144
Share of net profits/(loss) of associates	1,118	(4,374)
Share of unrealised loss reserve of an associate	–	(106)
Reversal of share of unrealised gains reserve of an associate	–	(131)
Dividends and distributions received/receivable	(5,716)	(13,366)
Sale of investment in associates	(30,185)	(15,034)
Impairment	(2,914)	(4,818)
Charged to expense	178	–
Foreign currency movement	6,687	1,485
Closing balance	110,143	46,023

(i) Details of associates

Associates	Principal activity	Ownership interest 2019 %	2018 %	Place of incorporation and operation
Aether General Partners[1]	Funds Management	**25.00**	25.00	USA
AlphaShares, LLC[2]	Funds Management	**36.53**	36.53	USA
Aperio Group, LLC[3]	Funds Management	**-**	23.38	USA
Blackcrane Capital, LLC[4]	Funds Management	**25.00**	25.00	USA
Capital & Asset Management Group, LLP[5]	Funds Management	**20.00**	20.00	USA/UK
Celeste Funds Management Limited[6]	Funds Management	**-**	27.48	Australia
Freehold Investment Management Limited[7]	Funds Management	**30.89**	30.89	Australia
Northern Lights Alternative Advisors LLP[8]	Placement Agent	**23.00**	23.00	UK
Roc Group[9]	Funds Management	**17.59**	17.59	Australia
Victory Park Capital Advisors, LLC[10]	Funds Management	**24.90**	-	USA
Victory Park Capital GP Holdco, L.P.[11]	Funds Management	**24.90**	-	USA

Notes:
[1] Aether Real Assets GP I, LLC, Aether Real Assets GP II, LLC, Aether Real Assets GP III, LLC and Aether Real Assets III Surplus GP, LLC (collectively the "Aether General Partners") are the General Partners of Aether Real Assets I, L.P., Aether Real Assets II, L.P., Aether Real Assets III, L.P. and Aether Real Assets III Surplus, L.P. (collectively the "Funds"). The General Partners are responsible for the operation of the Funds and the conduct and management of its business.
[2] AlphaShares, LLC provides investors with direct exposure to Chinese markets primarily through a series of China related equity indexes.
[3] Aperio is an investment management firm based in California with highly customised index-based portfolios using Aperio's expertise in tax management, factor tilts and passive investments. The investment was sold on 8 August 2018.
[4] Blackcrane is a boutique asset management firm focusing on global and international equities.
[5] CAMG is a private infrastructure investment firm based in London and Washington DC.
[6] Celeste is an Australian equity manager with smaller company focus. The investment was sold on 3 October 2018.
[7] FIM is a specialist investment manager focusing on Australian and global real estate and infrastructure sectors.
[8] NLAA is a strategic partner and placement agent for hedge funds, private equity, private credit and longer duration specialist funds. NLAA is based in London.
[9] Roc Group includes Roc Partners Pty Ltd, Roc Management Services Trust and Roc Partners (Cayman) Limited. Roc Partners is a leading alternative investment manager specializing in private equity in the Asia Pacific Region.
[10] VPC is an investment firm specialising in managing funds and mandates investing in non-bank lending. The investment was acquired on 3 July 2018.
[11] VPC-Holdco holds direct and indirect interest in VPC funds and their general partner entities. The investment was acquired on 3 July 2018.

(ii) Acquisitions of associates

On 3 July 2018, the Group acquired 24.9% equity interest in each of VPC and VPC-Holdco for $69,114,000 (USD51,020,000) and $25,711,000 (USD18,980,000), respectively. The acquisition of VPC included management rights and goodwill of $72,483,000. The acquisition of VPC-Holdco included a goodwill of $25,789,000.

In the prior year, the Group acquired 20% equity interest in CAMG on 6 April 2018 for an initial consideration of $2,724,000 (GBP1,500,000).

(iii) Sale of investment in associates

On 8 August 2018, the Group sold its 23.38% equity interest in Aperio. The Group originally acquired the stake for $44,181,000 (US$31,786,000) in two tranches in January 2016 and January 2017. On 4 October 2018, the sale was completed and the proceeds amounting to $101,593,000 (USD71,906,000) before tax were received.

On 3 October 2018, the Group sold its 27.48% equity interest in Celeste for $1,595,000.

In the prior year, the Group sold its 40% legal interest in IML for $116,879,000 and 18.81% equity interest in Goodhart for $3,186,000 (USD2,385,000).

The above sale transactions resulted in the recognition of a gain in profit or loss, calculated as follows:

	2019 $'000	2018 $'000
Considerations received	103,188	120,065
Less: Carrying amount of investments on the date of sale	(30,185)	(15,034)
Gains recognised on the sale	73,003	105,031

b. Accounting policies

(i) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The financial statements of the associates that are domiciled in Australia are prepared for in the same reporting period as the Group (30 June). For the USA and the UK domiciled associates, their reporting period vary between 31 December and 31 March. For equity accounting purposes, the Group takes up the proportionate share of the net profits/(losses) of these associates based on their pro-rata financial statements as at 30 June, so as to align the proportionate share of their net profits/losses with the Group.

The results of associates are incorporated in the consolidated financial statements using the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income or loss of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Distributions or dividends received from the associates are reduced from the carrying value. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(ii) Impairment

The requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

(iii) Disposal

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

c. Key estimates, judgments and assumptions

Impairment of investments in associates

At the end of each reporting period, management is required to assess the carrying values of each of the underlying investments in associates of the Group. Should assets underperform or not meet expected growth targets from prior expectations, a resulting impairment of the investments is recognised if that deterioration in performance is deemed not be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. A significant or prolonged decline in the fair value of an associate below its cost is also an objective evidence of impairment. During the year, the investments in associates were tested for impairment. AlphaShares, LLC, Blackcrane and FIM were impaired for $2,914,000 (2018: $4,818,000 for NLAA).

19. Parent entity disclosures

Summarised presentation of the parent entity, Pacific Current Group Limited, financial statements:

	2019 $'000	2018 $'000
Summarised statement of financial position		
Assets		
Current assets	3,342	22,056
Non-current assets	225,112	225,088
Total assets	228,454	247,144
Liabilities		
Current liabilities	36,184	35,690
Non-current liabilities	1,609	5,504
Total liabilities	37,793	41,194
Net assets	**190,661**	**205,950**
Equity		
Share capital	166,279	166,279
Retained earnings	19,765	36,070
Reserves	4,617	3,601
Total equity	**190,661**	**205,950**

Summarised statement of profit or loss and other comprehensive income

	2019 $'000	2018 $'000
(Loss) for the year	(7,030)	(21,711)
Other comprehensive income for the year	–	–
Total comprehensive (loss) for the year	**(7,030)**	**(21,711)**

The accounting policies of the parent are consistent with the Group.

F. RESTATEMENT

20. Restatement of consolidated financial statements

In the Group's financial statements for the year ended 30 June 2018, a restatement was required for the year ended 30 June 2017 to recognise that the tax status of the Company for USA tax purposes had changed. This occurred on 13 April 2017 when the Company moved from partial to full ownership through acquisition of the remaining units in the Trust held by Northern Lights Capital Partners ("NLCP") and Fund BNP Paribas Capital Partners Participations ("BNP Paribas"). The Company became the ultimate entity liable for the tax obligations in the USA arising from the taxes on its USA based investments and gains on the disposal of any of its investments.

For historical purposes, the Trust elected to be treated as a partnership for USA tax purposes when it was formed in August 2014. The partners of the Trust following the 25 November 2014 merger included the Company, NLCP and BNP Paribas.

Following the redemption of the X-RPU units on 13 October 2017, the Trust was deemed to be liquidated for USA tax purposes as it became wholly-owned by the Company. The deemed liquidation event and USA Internal Revenue Code Section 732 permits the Company to "step-up" the tax basis of all the Trust's investments. The basis step-up equals the fair value of amounts exchanged by the Company with the departing partners less any pre-existing tax basis held by the departing partners. In this case, the exchange of the Company shares with NLCP and BNP Paribas, as well as the redemption of NLCP and BNP Paribas' X-RPU units in the Trust in October 2017 were the consideration paid in connection with the deemed liquidation of the Trust.

During the current financial year, management worked with an external tax expert to recalculate the USA tax basis of the Company's individual assets held through the Trust. The purpose and results of the USA tax basis analysis (the "USA Basis Analysis") were to ensure the Company continues to effectively and appropriately manage its tax compliance in various jurisdictions, including the required reporting of any USA tax basis adjustments on the Company's USA tax filing for the financial year ended 30 June 2018 which was lodged in April 2019.

Under the USA Internal Revenue Code and partnership tax rules, the tax basis of an asset is calculated for USA tax purposes as the initial cost basis. To the extent the investment is held in partnership form, further basis adjustments are made for income/(loss) recognition, as well as capital contributions (distributions). Upon formation of the Trust, USA tax basis rules would provide that all assets contributed to the Trust, by both the Company and NLCP, are contributed with tax basis equal to initial cost basis (along with any adjustments for partnership investments as appropriate).

The USA Internal Revenue Code also permits tax basis adjustments to individual assets in certain circumstances to reflect various types of transactions, including when the gain is otherwise recognised by a partner on disposition of its interest in the partnership or a partnership is actually (or deemed) liquidated.

Collectively, the deemed liquidation and the result of the USA Basis Analysis allowed the Group to adjust the individual tax basis in each of its global asset base by over USD73,304,000, with the tax basis adjustment being allocated to individual investments based on their relative fair market value as of the Trust's deemed liquidation date in October 2017. Of the total tax basis adjustment, approximately USD13,246,000 was allocated to Australian assets, USD59,473,000 was allocated to the USA assets, and USD585,000 was allocated to other jurisdictions.

The Group pays taxes in the USA based on earnings its USA investments generate, as well as on any gains on the disposal of any USA investment. The USA Basis Analysis resulted in USD59,473,000 of additional tax basis specific to USA based investments which will result in future USA tax savings upon a sale of a USA investment. For example, a USA tax obligation was crystallised during the current year ended 30 June 2019 with the sale of Aperio in October 2018. The Group therefore recorded a deferred tax asset of USD20,815,000 (gross) as additional tax basis to be used to reduce future tax obligations.

a. Impact on deemed liquidation date (17 October 2017)

Of the USD59,473,000 increase in tax basis, USD41,391,000 was allocated to investments other than those that were held as available for sale investments (restatement was recorded in profit or loss) and USD18,081,000 was allocated to available-for-sale investments (restatement was recorded in other comprehensive income).

The tax result of USD14,487,000 was recognised as an income tax benefit and USD6,328,000 was recognised through the investment revaluation reserve. These deferred tax assets were based on a US corporate tax rate of 35%, which was in place as of the deemed liquidation being 17 October 2017.

b. Impact at 30 June 2018

Of the USD59,473,000 tax base uplift referred above, only USD44,360,000 was required to be accounted for at 30 June 2018 given that USD15,113,000 tax base uplift had previously been recognised at 30 June 2018. Of this USD44,360,000 tax base up lift, USD26,278,000 related to assets other than the available-for-sale investments (restatement has been recorded in profit or loss) and USD18,081,000 related to available-for-sale investments (restatement was recorded in other comprehensive income).

The tax result of USD7,226,000 (USD26,278,000 at 27.5% effective income tax rate) was recognised as an income tax benefit.

An income tax benefit of USD4,972,000 (USD18,081,000 at 27.5% effective income tax rate) was recognised through the investment revaluation reserve.

(i) Impact to the consolidated statement of profit or loss

The table below discloses the impact of the restatement on the consolidated statement of profit or loss for the year ended 30 June 2018.

Affected profit or loss accounts	Previously Reported $'000	Tax Restatement $'000	Restated $'000
Profit before income tax expense	95,410	–	95,410
Income tax (expense)/benefit[1]	(4,602)	7,371	2,769
Profit for the year	90,808	7,371	98,179
Attributable to:			
The members of the parent	90,232	7,371	97,603
Non-controlling interests	576	–	576
	90,808	7,371	98,179
Earnings per share attributable to ordinary equity holders of the parent (cents per share):			
- Basic	189.39	15.47	204.86
- Diluted	189.06	15.47	204.53

Notes:

[1] This is the income tax benefit from the uplift in tax cost base of $9,759,000 (USD7,226,000, being USD26,278,000 at the 27.5%[2] effective income tax rate converted based on the average foreign currency rate for the full year) reduced by $2,388,000 (USD1,514,000) which is the movement of other temporary differences at 30 June 2018.

[2] On 22 December 2017, the US enacted the Tax Cuts and Jobs Act (the "TCJA"). Among other things, the TCJA reduces the US federal corporate tax rate from 35% to 21% percent effective on 1 January 2018. The Group remeasured its tax obligation using the average tax rate of 27.5% during the year.

(ii) Impact to the consolidated statement of other comprehensive income

The table below discloses the impact of the restatement on the consolidated statement of comprehensive income for the year ended 30 June 2018.

Affected other comprehensive income accounts	Previously Reported $'000	Tax Restatement $'000	Restated $'000
Profit for the year	90,808	7,371	98,179
Items that were reclassified to profit or loss			
Reversal of the share in net fair value gain on available-for-sale financial asset of an associate derecognised during the year	(131)	–	(131)
Items that may be reclassified subsequently to profit or loss			
Change in fair value on available-for-sale financial assets, net of income tax[3]	19,151	4,005	23,156
Foreign currency movement of investment revaluation reserve	1,337	–	1,337
Share of net fair value (loss) on available-for-sale financial asset of an associate	(106)	–	(106)
Exchange differences on translating foreign operations	12,180	1,747	13,927
	32,562	5,752	38,314
Other comprehensive income for the year	32,431	5,752	38,183
Total comprehensive income	**123,239**	**13,123**	**136,362**
Attributable to:			
The members of the parent	122,668	13,123	135,791
Non-controlling interests	571	–	571
	123,239	**13,123**	**136,362**

Notes:
[3] This is the $6,415,000 (USD18,082,000 at 27.5% effective income tax rate converted at spot rate) reduced by $2,509,000 (USD1,945,000) arising from the decrease in the tax basis for the available-for-sale investments recognised through investment revaluation reserve at 30 June 2018 and $99,000 foreign currency movement.

Impact to the consolidated statement of financial position

The table below discloses the impact of the restatements on the consolidated statement of financial position for the year ended 30 June 2018.

Affected financial position accounts	Previously Reported $'000	Tax Restatement $'000	Restated $'000
Current tax liabilities[4]	13,778	(910)	12,868
Total current liabilities	33,857	(910)	32,947
Non-current liabilities			
Deferred tax liabilities[5]	17,665	(12,213)	5,452
Total non-current liabilities	30,285	(12,213)	18,072
Total liabilities	64,142	(13,123)	51,019
Net assets	323,301	13,123	336,424
Equity			
Share capital	166,279	–	166,279
Reserves[6]	60,361	5,752	66,113
Retained earnings[7]	96,040	7,371	103,411
Non-controlling interests	621	–	621
Total equity	323,301	13,123	336,424

Notes:
[4] This is the impact of the Trust's blackhole deductions and accruals taken out as deductible items.
[5] This relates to the deferred tax asset on the uplift in tax cost base of $12,213,000 (USD9,316,000 being the 21% effective income tax rate on USD44,360,000 reduced by USD272,000 converted at spot rate).
[6] This relates to the total movement in the statement of other comprehensive income arising from the change in value of available-for-sale investment and exchange differences in translating foreign operations.
[7] This is the profit or loss impact

G. OTHER INFORMATION

21. Significant events subsequent to reporting date

Other than the matters detailed below, there has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect in the financial years subsequent to 30 June 2019 either the operations or the state of affairs, of the Group.

On 2 July 2019, the Group acquired an additional 12.41% equity interest in Roc Group for $6,826,000 increasing the Group's equity interest to 30%.

On 30 August 2019, the Directors of the Company approved the purchase of 102,500 ordinary shares for Mr. Greenwood and 41,000 ordinary shares for Mr. Ferragina, respectively, as a result of the vesting of their performance rights issued in October 2016.

On 30 August 2019, the Directors of the Company declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $7,146,000 which represents a fully franked dividend of 15 cents per share. The dividend has not been provided for in the 30 June 2019 consolidated financial statements.

Directors
Mr. Antony Robinson, Chairman
Mr. Paul Greenwood, Executive Managing Director
Mr. Peter Kennedy, Non-Executive Director
Ms. Melda Donnelly, Non-Executive Director
Mr. Gilles Guérin, Non-Executive Director
Mr. Jeremiah Chafkin, Non-Executive Director (Appointed – 10 April 2019)
Mr. Michael Fitzpatrick, Non-Executive Director (Resigned - 1 March 2019)

Executive Management
Mr. Paul Greenwood, Chief Executive Officer and Chief Investment Officer
Mr. Joseph Ferragina, Chief Financial Officer and Chief Operating Offer - Australia (Employment ended – 2 July 2019)
Mr. Ashley Killick, Interim Chief Financial Officer (Appointed – 20 March 2019)

Company Secretary
Mr. Philip Mackey

Registered Office / Principal Place of Business
Level 29, 259 George Street, Sydney, NSW, 2000
Phone +61 2 8243 0400
Facsimile +61 2 8243 0410
www.paccurrent.com

Share Register
Computershare Investor Services Pty Ltd
452 Johnston Street, Abbotsford, VIC, 3067
Phone +61 3 9415 5000

Bankers
Westpac Banking Corporation

Auditors
Deloitte Touche Tohmatsu
225 George Street, Sydney, NSW, 2000
+61 2 9322 7000

Stock Exchange Listing
Pacific Current Group Limited shares are listed on the Australian Securities Exchange, code: PAC.