PACIFIC CURRENT GROUP

Tacoma // Denver // Sydney // Melbourne

25 February 2022

Company Announcements
For Immediate Release
ASX Code: PAC

APPENDIX 4D AND CONDENSED INTERIM 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 4D, the Half Year Report for the half year ended 31 December 2021; and
2. The Condensed Interim Financial Report for the half year ended 31 December 2021.

AUTHORISED FOR LODGEMENT BY:

The Board of Pacific Current Group Limited

ENDS.

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. Pacific Current Group has investments in 16 boutique asset managers globally.

The following information is presented in accordance with ASX Listing Rule 4.2.A.3.

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

Current reporting period	- the half year ended 31 December 2021
Previous corresponding periods	- the half year ended 31 December 2020
	- the financial year ended 30 June 2021

2. Results for announcement to the market

Six-month period ended 31 December

		2021	2020	Increase /(Decrease)	
		$'000	$'000	$'000	%
2.1	Revenue from ordinary activities	18,978	23,645	(4,667)	(19.74)
	Net (loss)/profit before tax	(22,297)	15,165	(37,462)	(247.03)
	Underlying net profit before tax	18,073	13,665	4,408	32.26
	Underlying net profit after tax	14,783	11,495	3,288	28.60
2.2	Net (loss)/profit from ordinary activities after tax attributable to members	(16,553)	11,625	(28,178)	(242.39)
	Underlying net profit from ordinary activities after tax attributable to members	14,594	11,578	3,016	26.05
2.3	Net (loss)/profit for the period attributable to members	(16,553)	11,625	(28,178)	(242.39)
	Underlying net profit for the period attributable to members	14,594	11,578	3,016	26.05

Underlying results are unaudited Non-IFRS measures. Refer to the attached Condensed Interim Financial Report for the half year ended 31 December 2021 for details of these calculations.

		Amount per security (cents)	Franking %	Conduit foreign income per security
2.4	Dividends (distributions)			
	2022 Interim	15.0	100.0	Nil

2.5 Record date for determining entitlements to the dividend
4 March 2022

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 Condensed Interim Financial Report for the half year ended 31 December 2021.

3. Net tangible assets per security

	31 December 2021	30 June 2021
Net tangible assets per security	$9.27	$6.89

4. 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
-	-

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

Name of entity	Date control lost
-	-

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

Type	Payment date	Amount per Security (cents)	Franked amount per security (%)	Conduit foreign income per security
2021 Final	7 October 2021	26.0	100.0	Nil

6. Details of any dividend or distribution reinvestment plans

On 27 August 2020, the Board approved a Dividend Reinvestment Plan ("DRP") for the Company. The Company's DRP will apply to the interim dividend. The last election date for the DRP will be 7 March 2022.

7. Details of associates and joint venture entities

	Ownership %	
	31 December 2021	30 June 2021
Aether General Partners	25.00	25.00
ASOP Profit Share LP	39.03	39.31
Astarte Capital Partners, LLP	44.46	44.90
Banner Oak Capital Partners, LP [1]	35.00	-
Blackcrane Capital, LLC	25.00	25.00
Capital & Asset Management Group, LLP [2]	38.75	36.25
Independent Financial Planners Group, LLC	24.90	24.90
Northern Lights Alternative Advisors LLP	23.00	23.00
Roc Group	30.01	30.01
Victory Park Capital Advisors, LLC	24.90	24.90
Victory Park Capital GP Holdco, L.P.	24.90	24.90
Copper Funding, LLC	50.00	50.00
Pennybacker Capital Management, LLC	16.50	16.50

	31 December 2021 $'000	31 December 2020 $'000
PAC share of profits of associates/joint venture [3]	7,419	1,916

Notes:

[1] – Acquired on 31 December 2021.

[2] – Capital & Asset Management Group, LLP made capital drawdowns during the period resulting to an increased interest from 36.25% to 38.75%.

[3] – Further information on the contribution of these entities to the financial performance and financial position of the entity is contained in the attached Condensed Interim Financial Report for the Half Year ended 31 December 2021.

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

Not applicable

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

This Half Year Report is based on the attached Condensed Interim Financial Report for the half year ended 31 December 2021, which includes the Independent Auditor's Review Report. The Condensed Interim Financial Report for the half year ended 31 December 2021 is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Pacific Current Group Limited

(ABN 39 006 708 792)

Condensed Interim Financial Report
For the half-year ended 31 December 2021

Your Directors submit their Report for the half-year ended 31 December 2021.

DIRECTORS AND OFFICERS

The Directors and officers of Pacific Current Group Limited (the "Company" or "PAC") at the date of this report or at any time during the half-year ended 31 December 2021 were:

Name	Role	Date
Mr. Antony Robinson	Independent Non-Executive Chairman	Appointed - 28 August 2015
Mr. Paul Greenwood	Executive Managing Director	Appointed - 10 December 2014
Mr. Jeremiah Chafkin	Non-Executive Director	Appointed - 10 April 2019
Ms. Melda Donnelly	Non-Executive Director	Appointed - 28 March 2012
Mr. Gilles Guérin	Non-Executive Director	Appointed - 10 December 2014
Mr. Peter Kennedy	Non-Executive Director	Appointed - 4 June 2003
Ms. Clare Craven	Company Secretary	Appointed - 26 December 2019

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The Company is a company limited by shares and is incorporated and domiciled in Australia. Its shares are listed for trading on the Australian Securities Exchange ("ASX") with the ticker code PAC. The Company and its controlled entities (the "Group") invest in asset managers, private advisory, placement and investment related firms on a global basis. The Group also provides, on an as agreed basis, distribution and management services to specific investee companies.

The primary criteria the Company looks for in these potential investments are high quality people, a robust investment process, competitive performance and strong growth potential. The strategy of the Company is to build shareholder value through identifying, investing, and managing investments in investment management firms that exhibit moderate to high sustainable growth while delivering exceptional results to their clients.

The Company is agnostic in respect to geography so long as an investment meets the Group's investment criteria. The Group invests across the life cycle continuum, from start-up opportunities to established but growing businesses. The portfolio is targeted to have a mix of businesses from those with solid earnings to those with dramatic earnings acceleration, albeit from a smaller investment base.

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Investment activities during the period

Restructuring of investments

Since April 2016, the Group has held an interest in GQG Partners, LLC ("GQG LLC"). This interest was held through GQG Partners LP ("GQG LP"). During the period, the owners of GQG LLC sought to list the business of GQG LLC on the ASX. To facilitate this, the owners agreed, conditional on a successful initial public offering ("IPO"), to restructure their ownership interests.

On 29 October 2021, this IPO was successfully achieved. The restructure resulted in an entity GQG Partners Inc ("GQG Inc") being incorporated. The restructuring steps included the dissolution of GQG LP, which resulted in its equity owners holding a direct interest in GQG LLC. This was immediately followed by the transfer of each owners' membership interests in GQG LLC to GQG Inc, in part exchange for common stock of GQG Inc and part exchange for cash.

The IPO then had GQG Inc issue CHESS Depositary Interests ("CDI") over shares of common stock securities issued by GQG Inc. GQG Inc offered 20% of its common stock to Australian and overseas investors in the form of CDIs through listing on the ASX with a ticker code: GQG.

Following settlement, the Group received 4% of the common stock in GQG Inc valued at USD179,022,000 ($244,713,000) to be held in escrow until the end of the escrow period which is expected to be at the end of August 2022 and cash amounting to USD43,696,000 ($59,730,000) representing the 1% of the value of GQG Inc at listing date with the ASX.

This transaction resulted in the Group having to derecognise its equity interests in GQG LLC held through GQG LP. Since the instrument was held as a financial asset at fair value through other comprehensive income, the resulting net gain after income tax of USD101,130,000 ($138,239,000) was recognised in Other Comprehensive Income. The cumulative change in fair value plus the net gain after income tax of USD166,630,000 ($227,773,000) were subsequently transferred from the investment revaluation reserve to retained earnings.

Given the nature of the Group's investment in the common stock of GQG Inc this is now recorded as a financial asset at fair value through profit or loss. As at 31 December 2021, the share price of GQG Inc decreased from $2.00 at IPO date to $1.76 resulting in the recognition of a $36,429,000 decrease in the fair value of the Group's investment in the common stock of GQG Inc.

On 27 December 2021, the Group restructured its investment in IFP Group, LLC ("IFP").

The Group contributed an additional USD4,000,000 ($5,468,000) in exchange for an additional 20% of the economics or share in profit/losses of IFP and a preference in distribution. The investment in IFP is still accounted for as an associate since the increase in the share of economics or share in profit/losses of IFP and preference in distribution did not change the Group's significant influence over IFP.

New acquisition

On 31 December 2021, the Group acquired a 35% equity interest in Banner Oak Capital Partners, LP ("Banner Oak") for USD35,000,000 ($47,843,000) and a potential earn-out obligation with a maximum additional consideration of USD5,000,000 ($6,835,000). This earn-out obligation would be paid between the closing of the transaction and 31 December 2025 based on Banner Oak's cumulative management fee revenues net of any acquisition and placement fees reduced by certain revenue hurdles. At the date of acquisition, the fair value of the potential obligation of the Group is USD1,131,000 ($1,556,000).

The investment has been accounted for as an investment in associate.

Banner Oak is an alternative investment manager offering a private real estate strategy focused on the creation of growth of fully integrated private real estate operating companies. Banner Oak is based in Dallas, Texas, USA.

Financing activities during the period

On 30 August 2021, the Company declared a fully franked final dividend of 26 cents per share in respect of the 2021 financial year. The total amount of the dividend was $13,215,000. The final dividend for the 2021 financial year was eligible for the Dividend Reinvestment Plan ("DRP"). Shares issued under the DRP were priced at average daily Volume Weighted Average Price ("VWAP") calculated over a 10-day period commencing on the third trading day following the record date, being 9 September 2021.

On 7 October 2021, the Company issued 208,708 new fully paid ordinary shares at an issue price of $7.12 each to shareholders who reinvested their dividend entitlement in accordance with the DRP. Total dividends reinvested amounted to $1,486,000.

Funds under management ("FUM")

As at 31 December 2021, the FUM of the Group's boutiques was $165,387,161,000 (30 June 2021: $142,274,018,000).

The net increase in FUM was due to the acquisition of Banner Oak and positive net inflows and market performance from the asset managers particularly GQG Inc and Victory Park Capital Advisors, LLC ("VPC").

Boutique	Total FUM as at 30 June 2021 $'000	Inflows from Boutique Acquisitions $'000	Net Flows[1] $'000	Other[2] $'000	Foreign Exchange Movement[3] $'000	Total FUM as at 31 December 2021 $'000
Tier 1 (excluding GQG Inc)[4]	14,741,016	7,859,292	1,333,660	(59,043)	489,356	24,364,281
Tier 2	14,479,925	–	539,451	380,049	138,957	15,538,382
Subtotal	29,220,941	7,859,292	1,873,111	321,006	628,313	39,902,663
GQG Inc[4]	113,053,077					125,484,498
Total Boutiques	**142,274,018**					**165,387,161**
Open-end **(excluding GQG Inc)[4]**	4,498,179	–	341,386	(98,590)	141,533	4,882,508
Closed-end	24,722,762	7,859,292	1,531,725	419,596	486,780	35,020,155
Subtotal	29,220,941	7,859,292	1,873,111	321,006	628,313	39,902,663
GQG Inc[4]	113,053,077					125,484,498
Total	**142,274,018**					**165,387,161**

Notes:
1 Net Flows include additional commitments, inflows of new funds and redemptions.
2 Other includes investment performance, market movement and distributions.
3 The Australian dollar ("AUD") improved against the USA dollar ("USD") during the period. The AUD/USD was 0.7268 as at 31 December 2021 compared to 0.7495 as at 30 June 2021. The Net Flows and Other items are calculated using the average rates.
4 With GQG Inc now a listed entity, the Group is limited to reporting publicly available information regarding GQG Inc's FUM. Accordingly, the Group will only include GQG Inc's beginning and ending FUM in its quarterly FUM announcement. GQG Inc continues to be a Tier-1 boutique in the Group portfolio.

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;
- whether revenue is generated off committed or invested capital;
- 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 that 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 by the Group 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 by the Group 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.

FINANCIAL REVIEW

Operating results for the period

The Group's net loss/profit after tax ("Statutory Results") and earnings per share are prepared in accordance with Australian Accounting Standards. The Group also reports non-International Financial Reporting Standards ("non-IFRS") financial measures such as "underlying net profit before tax", "underlying net profit after tax", "underlying earnings per share", "normalised cash flows" which are shown in the subsequent pages of this Report.

Underlying net profit after tax ("NPAT") attributable to members of the Company

The Group generated a net loss before tax ("NLBT") of $22,297,000 for the half-year ended 31 December 2021 (31 December 2020: net profit before tax ("NPBT") of $15,165,000); a decrease of 247.03%. This result, however, has been significantly impacted by non-cash, non-recurring and/or unusual items. Normalising this result for the impact of these non-cash, non-recurring and/or unusual items results in underlying NPAT to members of the Company of $14,594,000 (31 December 2020: $11,578,000), an increase of 26.05%.

	31 December 2021 $'000	31 December 2020 $'000
Reported NLBT/NPBT	(22,297)	15,165
Non-cash items		
- Amortisation of identifiable intangible assets[1]	3,040	3,008
- Fair value adjustments of financial assets at fair value through profit or loss ("FVTPL")	32,709	(7,717)
- Fair value adjustments of financial liabilities at FVTPL	724	126
- Impairment of investments[2]	2,400	–
- Share-based payment expenses	229	300
	39,102	(4,283)
Non-recurring		
- Legal, consulting expenses, deal costs and break fee costs[3]	870	590
- Provision for estimated liability to Hareon Solar Singapore Private Limited ("Hareon")	335	–
- Net foreign exchange loss/(gain)	63	(57)
- Loss on sale of a subsidiary	–	2,250
	1,268	2,783
Underlying NPBT	18,073	13,665
Income tax expense[4]	(3,290)	(2,170)
Underlying NPAT	14,783	11,495
Less: share of non-controlling interests	(189)	83
Underlying NPAT attributable to members of the Company	14,594	11,578

Notes:

[1] The amortisation of identifiable intangible assets included the amortisation of intangible assets of the associates amounting to $1,670,000 (31 December 2020: $1,646,000). The amortisation is recorded as an offset to the share in net profit of the associates.

[2] The impairment of investments relates to the impairment of the Group's investment in associates (Blackcrane Capital, LLC and Capital & Asset Management Group, LLP).

[3] These were costs incurred in relation to the derivative action against several of the Group's current and former directors, as well as deal costs on the acquisitions of investments.

[4] The net income tax expense is the reported income tax expense adjusted for the tax effect of the normalisation adjustments.

Non-IFRS Financial Measures

Non-IFRS financial measures are measures that are not defined or specified under IFRS. The Directors believe that non-IFRS measures assist in provide meaningful information about the Group's performance and periodic comparability. The non-IFRS measures should not be viewed as substitute for the Group's Statutory Results.

The underlying NPAT, normalised cash flow from operations and unaudited underlying earnings per share are forms of non-IFRS financial information per ASIC Regulatory Guide (RG) 230: *Disclosing non-IFRS financial information*. Non-IFRS financial measures are not subject to review or audit.

The criteria for calculating the underlying NPAT attributable to members of the Company are based on the following:

- Non-cash items relate to income and expenses that are accounting entries rather than movements in cash; and
- Non-recurring items relate to income and expenses from events that are infrequent in nature including their related costs and foreign exchange impact.

Cash flows

Set out below is a summary of the cash flows for the half-year ended 31 December 2021.

	31 December 2021 $'000	31 December 2020 $'000
Cash provided by operating activities	9,939	12,896
Cash provided by investing activities	5,437	2,038
Cash (used in) financing activities	(15,177)	(7,410)
Net increase in cash and cash equivalents	199	7,524

Operating activities

Cash flows from operations have decreased from a net inflow of $12,896,000 for the half-year ended 31 December 2020 to net inflow of $9,939,000 for the half-year ended 31 December 2021. This was mainly attributable to the deconsolidation of Seizert Capital Partners, LLC ("Seizert") which resulted in a decrease in receipts from customers from $13,415,000 in the prior period to $7,918,000 for this period and a decrease in payments to suppliers and employees from $15,320,000 in the prior period to $11,425,000 for this period. In addition, dividends and distributions received decreased from $15,761,000 in the prior period to $13,029,000 for this period. This was offset by a net income tax refund of $314,000 for this period from a net income tax paid of $1,017,000 in the prior period.

Investing activities

Cash flows from investing activities have increased from a net inflow of $2,038,000 in the half-year ended 31 December 2020 to net inflow of $5,437,000 in the half-year ended 31 December 2021. This was primarily attributable to the proceeds from the disposal of 20% of our equity interest in GQG LLC ($58,579,000 after transaction costs). This was offset by the acquisition of Banner Oak ($47,843,000) and additional contributions to associates ($6,446,000). In the prior period, this was primarily attributable to the disposal of Seizert ($6,800,000) and offset by the cash held by Seizert at disposal ($4,529,000).

Financing activities

Cash flows used in financing activities increased from $7,410,000 for the half-year ended 31 December 2020 to $15,177,000 for the half-year ended 31 December 2021. This was primarily due to payment of dividends of $11,729,000 excluding the dividends reinvested totalling to $1,486,000 under the DRP (31 December 2020: $8,250,000 excluding the dividends reinvested totalling to $4,177,000 under the DRP) net of the proceeds from the issuance of shares during the half year ended 31 December 2020 of $2,036,000.

For the half-year ended 31 December 2021, the issuance of the ordinary shares was completed on 7 October 2021 under the DRP with 208,708 new fully paid ordinary shares at $7.12 per share. The new shares rank equally with existing shares and are entitled to the interim dividend for 2022. For the half-year ended 31 December 2020, the issuance of the ordinary shares was completed on 23 October 2020 under the underwriting deed relating to the DRP with 363,595 new fully paid ordinary shares at $5.60 per share.

Normalised Cash Flow from Operations

The normalised cash flow from operations is presented to reconcile the unaudited underlying NPBT with the cash provided by operating activities.

	31 December 2021 $'000	31 December 2020 $'000
Unaudited underlying NPBT	**18,073**	**13,665**
Cash items[1]:		
- Distributions and dividends received	13,029	15,761
- Net interest received	102	51
	13,131	15,812
Non-cash items[2]		
- Distributions and dividend income	(10,288)	(11,093)
- Share of profits of associates	(9,089)	(3,562)
- Net interest income	(60)	(90)
- Depreciation and amortisation	236	475
	(19,201)	(14,270)
Increase/decrease in assets and liabilities[3]	(1,114)	566
Unaudited underlying pre-tax cash from operations	**10,889**	**15,773**
Non-recurring/infrequent items[4]		
- Legal, consulting expenses, deal costs and break fee costs	(870)	(590)
- Provision for estimated liability to Hareon	(335)	–
- Net foreign exchange loss	(59)	(1,270)
	(1,264	(1,860)
Pre-tax cash from operations	**9,625**	**13,913**
Net income tax refunded/(paid)	314	(1,017)
Cash provided by operating activities	**9,939**	**12,896**

The main drivers for the decrease in the cash provided by operating activities during the period is primarily the decrease in the actual dividends and distributions received by $2,732,000.

Notes:
[1] Cash items are added to reflect the actual receipts.
[2] Non-cash items are either deducted if income or added if expense to remove the non-cash components in the unaudited underlying NPBT.
[3] Increase/decrease in assets and liabilities relate to the differences in the beginning and ending balances of operating assets and liabilities.
[4] Non-recurring/infrequent items are included as deductions since these items were excluded in the determination of unaudited underlying NPBT.

Earnings per share

Set out below is a summary of the earnings per share for the half-year to 31 December 2021.

	31 December 2021	31 December 2020
Reported NLBT/NPAT attributable to the members of the Company ($'000)	(16,553)	11,625
Unaudited underlying NPAT attributable to the members of the Company ($'000)	14,594	11,578
Weighted average number of ordinary shares on issue (Number)	50,925,258	50,124,540
Basic (loss)/earnings per share (cents)	(32.51)	23.19
Diluted (loss)/earnings per share (cents)	(32.51)	23.19
Unaudited underlying earnings per share (cents)	28.66	23.10

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 period:				
- Final for 2021 on ordinary shares	26.00	13,215	100%	7 October 2021
Declared after the end of the period:				
- Interim for 2022 on ordinary shares	15.00	7,624	100%	14 April 2022

On 30 August 2021, the Directors of the Company declared a final fully franked dividend of 26 cents per share. The final dividend for 2021 financial year was eligible for the DRP. The total dividends included reinvested amount of $1,486,000 with equivalent number of shares of 208,708.

On 25 February 2022, the Directors of the Company declared an interim fully franked dividend of 15 cents per share (26 February 2021: 10 cents per share). The interim dividend for 2022 financial year will be eligible for the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2021 condensed interim financial statements.

Financial position

Set out below is a summary of the financial position as at 31 December 2021.

	31 December 2021 $'000	30 June 2021 $'000
Cash and cash equivalents	29,210	28,298
Other current assets	11,096	21,982
Current liabilities	(25,940)	(17,495)
	14,366	32,785
Non-current assets	576,077	408,235
Non-current liabilities	(64,184)	(38,210)
	526,259	402,810
Non-controlling interest	(54)	(432)
Net Assets attributable to the members of the Company	**526,205**	**402,378**
	$	$
Net assets per share at the end of the period	**10.31**	**7.92**

Included in the cash balances are amounts held by operating subsidiaries. The remainder of the cash and cash equivalents at 31 December 2021 amounted to $23,463,000 (30 June 2021: $21,032,000) which was held by Central Administration that can be used to provide the Group with liquidity and flexibility to fund future acquisition of new businesses.

The increase in net assets is attributed mainly to the IPO of GQG Inc. This resulted in the disposal of 20% of the Group's investment in GQG LLC (the proceeds of which were redeployed to acquire Banner Oak) and a significant increase in the fair value of the remaining 80% of the investment. This increase in value was offset by the related increase in the current and deferred tax liabilities arising from the disposal and increase in fair value, respectively.

The decrease in net current assets is attributed to the increase in the current tax liability attributable to the partial disposal of the Group's investment in GQG LLC.

IMPACT OF COVID-19 TO THE GROUP

The COVID-19 pandemic continues to have an impact on global economies and financial markets. The Group's financial results for the half-year ended 31 December 2021 have been impacted by COVID-19, but this has been mitigated by the Group's strategy to enhance the resilience of the Group's earnings by diversifying into investments that are less susceptible to capital markets volatility and have a low correlation to other assets in the Group's portfolio.

The Group's assessment of the ongoing impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities. Valuations included in the financial report such as fair value assets, goodwill, other identifiable intangibles, investments in associates and joint venture and financial liabilities are based on the information available and relevant as at the date of this report. As market conditions are continually changing, changes to the estimates and outcomes that have been applied in the measurement of these assets and liabilities may arise in the future.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented to control it. Given the dynamic nature of these circumstances and the significant uncertainty, the related impact on the Group's future operating results, cash flows and financial condition cannot currently be reasonably estimated.

OTHER MATTERS

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by certain shareholders seeking leave of the court to commence a derivative action on behalf of the Company against several of its current and former Directors for damages arising out of the 2014 merger between the Company and the Northern Lights Capital Group, LLC. On 23 September 2019, the Company received a draft statement claim in relation to the derivative action.

On 20 February 2020, the certain shareholders received leave of the Federal Court of Australia under section 237 of the *Corporations Act 2001 (Cth)* to bring proceedings and file the statement of claim on behalf of the Company, against individuals who, in 2014, were Directors of the Company (previously known as Treasury Group Limited) prior to its business combination with Northern Lights Capital Partners, LLC ("Defendants"). The effect is that the Company is the named plaintiff in proceedings brought in the Federal Court of Australia against the Defendants. Omni Bridgeway (Fund 5) Australian Invt. Pty Ltd (the "Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the Defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the Defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share. The Company has made claims against its relevant insurance policies in relation to these matters on behalf of its current Directors.

AUDITOR INDEPENDENCE

The Directors received an independence declaration from the auditors of the Group. A copy of the declaration is set out on page 15.

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 Directors' report. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

LIKELY DEVELOPMENTS

The Group will continue to operate in accordance with its investment objectives and strategy as defined in the Nature of Operations and Principal Activities.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

On 25 February 2022, the Directors of the Company declared an interim dividend on ordinary shares in respect of the 2022 financial year. The total amount of the dividend is $7,624,000 which represents a fully franked dividend of 15 cents per share. The interim dividend for 2022 financial year will be eligible for the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December condensed interim financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 31 December 2021 that has significantly affected or may significantly affect either the operations or the state of affairs of the Group.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Antony Robinson
Chairman

25 February 2022

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Auditor's Independence Declaration to the Directors of Pacific Current Group Limited

As lead auditor for the review of Pacific Current Group Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pacific Current Group Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

RDaSilva

Rita Da Silva
Partner
25 February 2022

	Note	31 December 2021 $'000	31 December 2020 $'000
Revenue	1	**8,605**	**12,398**
Other income and net (losses)/gains on investments and financial instruments			
Distributions and dividend income	2	10,288	11,093
Sundry income	2	85	154
Net change in fair values of financial assets and liabilities	2	(33,433)	7,591
Loss on sale of investments	2	–	(2,250)
		(23,060)	**16,588**
Expenses			
Salaries and employee benefits	3	(6,460)	(8,767)
Impairment expense	3	(2,400)	–
Administration and general expenses	3	(4,769)	(5,070)
Depreciation and amortisation expense	3	(1,606)	(1,837)
Interest expense	3	(26)	(63)
		(15,261)	**(15,737)**
Share of net profits of associates and joint venture accounted for using the equity method	19	7,419	1,916
(Loss)/profit before income tax (expense)		**(22,297)**	**15,165**
Income tax benefit/(expense)	4	5,933	(3,623)
(Loss)/profit for the period		**(16,364)**	**11,542**
Attributable to:			
The members of the Company		(16,553)	11,625
Non-controlling interests		189	(83)
		(16,364)	**11,542**
(Loss)/earnings per share attributable to members of the Company (cents per share):			
- Basic	6	(32.51)	23.19
- Diluted	6	(32.51)	23.19
Franked dividends paid per share (cents per share) for the period	14	26.00	25.00

The accompanying notes form part of these condensed interim consolidated financial statements.

	Note	31 December 2021 $'000	31 December 2020 $'000
(Loss)/profit for the period		**(16,364)**	**11,542**
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets, net of income tax	13	138,875	21,103
Effect of foreign currency differences in investment revaluation reserve	13	2,154	(8,519)
		141,029	12,584
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	13	10,780	(34,006)
Share in foreign currency reserve of an associate, net of income tax	13	76	–
		10,856	(34,006)
Other comprehensive income/(loss) for the period		**151,885**	**(21,422)**
Total comprehensive income/(loss)		**135,521**	**(9,880)**
Attributable to:			
The members of the Company		135,327	(9,793)
Non-controlling interests		194	(87)
		135,521	**(9,880)**

The accompanying notes form part of these condensed interim consolidated financial statements.

	Note	31 December 2021 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents		29,210	28,298
Trade and other receivables	8	6,752	8,125
Other financial assets	9	1,780	2,243
Current tax assets	4	1,620	10,675
Other assets		944	939
Total current assets		**40,306**	**50,280**
Non-current assets			
Trade and other receivables	8	1,233	442
Other financial assets	9	323,724	221,774
Plant and equipment		792	585
Right-of-use assets		921	516
Intangible assets	18	52,974	52,705
Investments in associates and a joint venture	19	196,179	132,058
Other assets		254	155
Total non-current assets		**576,077**	**408,235**
Total assets		**616,383**	**458,515**
Current liabilities			
Trade and other payables		4,607	5,209
Provisions	10	11,486	11,136
Financial liabilities		723	258
Lease liabilities		242	302
Current tax liabilities	4	8,882	590
Total current liabilities		**25,940**	**17,495**
Non-current liabilities			
Provisions	10	75	71
Financial liabilities	11	10,434	9,857
Lease liabilities		881	378
Deferred tax liabilities	4	52,794	27,904
Total non-current liabilities		**64,184**	**38,210**
Total liabilities		**90,124**	**55,705**
Net assets		**526,259**	**402,810**
Equity			
Share capital	12	186,141	184,655
Reserves	13	45,183	120,847
Retained earnings		294,881	96,876
Total equity attributable to members of the Company		526,205	402,378
Non-controlling interests		54	432
Total equity		**526,259**	**402,810**

The accompanying notes form part of these condensed interim consolidated financial statements.

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2021	**184,655**	**120,847**	**96,876**	**432**	**402,810**
(Loss)/profit for the period	–	–	**(16,553)**	**189**	**(16,364)**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve, net of income tax	–	141,029	–	–	141,029
(ii) Net movement in foreign currency translation reserve	–	10,775	–	5	10,780
(iii) Share in foreign currency reserve of an associate, net of income tax	–	76	–	–	76
Total comprehensive income for the period	**–**	**151,880**	**(16,553)**	**194**	**135,521**
Transfers between reserves	**–**	**(227,773)**	**227,773**	**–**	**–**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue cost and income tax (Note 12)	1,486	–	–	–	1,486
(ii) Dividends paid (Note 14)	–	–	(13,215)	(572)	(13,787)
(iii) Share-based payments	–	229	–	–	229
Total transactions with members in their capacity as members	**1,486**	**229**	**(13,215)**	**(572)**	**(12,072)**
Balance as at 31 December 2021	**186,141**	**45,183**	**294,881**	**54**	**526,259**
Balance as at 1 July 2020	**178,424**	**126,620**	**96,972**	**543**	**402,559**
Profit/(loss) for the period	**–**	**–**	**11,625**	**(83)**	**11,542**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve, net of income tax	–	12,584	–	–	12,584
(ii) Net movement in foreign currency translation reserve	–	(34,002)	–	(4)	(34,006)
Total comprehensive (loss)/income for the period	**–**	**(21,418)**	**11,625**	**(87)**	**(9,880)**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue cost and income tax (Note 12)	6,170	–	–	–	6,170
(ii) Dividends paid (Note 14)	–	–	(12,427)	(108)	(12,535)
(iii) Share-based payments	–	300	–	–	300
(iv) Shares bought on market to settle performance rights vested	–	(629)	–	–	(629)
Total transactions with members in their capacity as members	**6,170**	**(329)**	**(12,427)**	**(108)**	**(6,694)**
Balance as at 31 December 2020	**184,594**	**104,873**	**96,170**	**348**	**385,985**

The accompanying notes form part of these condensed interim consolidated financial statements.

	Note	31 December 2021 $'000	31 December 2020 $'000
Cash flow from operating activities			
Receipts from customers		7,918	13,415
Payments to suppliers and employees		(11,425)	(15,320)
Distributions and dividends received		13,029	15,761
Interest received		123	118
Interest paid		(20)	(61)
Net income tax refunded/(paid)		314	(1,017)
Net cash provided by operating activities	7	**9,939**	**12,896**
Cash flow from investing activities			
Collections of receivable from EAM Global Investors, LLC ("EAM Global")		384	260
Collections of sublease receivable		121	156
Collections of receivable from Raven Capital Management, LLC ("Raven")		621	591
Collections of loans from an associate		615	–
Loans provided to an associate		(342)	(298)
Net proceeds from disposal of GQG Partners, LLC ("GQG LLC")		58,579	–
Payments for the purchase of financial assets at fair value through profit or loss ("FVTPL")		(68)	–
Proceeds from sale of a subsidiary		–	6,800
Cash held by deconsolidated subsidiary		–	(4,529)
Payments for the purchase of an associate		(47,843)	–
Additional contributions to associates		(6,446)	(935)
Payment for the purchase of plant and equipment		(184)	(7)
Net cash provided by investing activities		**5,437**	**2,038**
Cash flow from financing activities			
Repayments of Proterra Investment Partners, LP ("Proterra") earn-out obligation		(2,662)	–
Repayments of principal portion of lease liabilities		(214)	(398)
Proceeds from issuance of shares		–	2,036
Transaction costs from issuance of shares		–	(62)
Dividends paid		(11,729)	(8,250)
Dividends paid to non-controlling interest in a subsidiary		(572)	(108)
Payments for the purchase of shares to settle shared-based payments		–	(628)
Net cash (used in) financing activities		**(15,177)**	**(7,410)**
Net increase in cash and cash equivalents held		**199**	**7,524**
Cash at beginning of the period		28,298	20,154
Foreign exchange difference in cash		713	(1,596)
Cash at end of the period		**29,210**	**26,082**
Non-cash investing and financing activities			
Investing activities	7	501	–
Financing activities	7	2,113	4,177

The accompanying notes form part of these condensed interim consolidated financial statements.

Index to the Condensed Notes to the Interim Financial Statements

A. BASIS OF PREPARATION

This condensed interim consolidated financial report for the Company and the consolidated entities (the “Group”) for the half-year ended 31 December 2021, was authorised for issue in accordance with a resolution of the Directors on 25 February 2022 and the Directors have the power to amend and reissue this financial report.

It has been prepared in accordance with AASB 134 ‘*Interim Financial Reporting*’ (“AASB 134”) and the *Corporations Act 2001*. Compliance with AASB 134 ensures that the financial statements and notes of the Group comply with International Financial Reporting Standard (“IFRS”) IAS 34 ‘*Interim Financial Reporting*’ 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.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2021. It should also be considered together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial report for the year ended 30 June 2021, except for those disclosed in Note 22.

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.

The nature of operations and principal activities and operating and financial review of the Company are disclosed in the Directors’ Report.

a. Historical cost convention

The condensed interim 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 in the most recent annual financial report.

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

b. Foreign currency translations and balances

Functional and presentation currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which that 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.

Transactions and balances

In preparing the condensed interim 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.

Translation of foreign operations

For the purpose of presenting these condensed interim 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 period, 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.

For the purpose of presenting the transactions disclosed in the condensed notes to the interim financial statements, these transactions are translated into Australian dollar using the exchange rates prevailing at the date of transaction. For other amounts disclosed at the end of the reporting period, these amounts are translated into Australian dollar using the exchange rates prevailing at the end of the reporting period.

c. Going concern

This condensed interim financial statements 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. The Group also assessed the impact of COVID-19 in its ability to continue as a going concern. The Group prepared cash flow forecast analysis using base-case and a worse-case scenario. Under these scenarios, the Group can continue as a going concern and will still 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 condensed interim financial statements are consistent with the annual financial report for the year ended 30 June 2021. Where necessary, comparative information has been reclassified, repositioned, and restated for consistency with current period disclosures.

e. Critical accounting estimates, judgments, and assumptions

The preparation of the condensed interim financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts in the condensed interim 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 reasonably 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 the interim condensed financial statements are outlined below:

- Revenue recognition of performance fees (carried interest) - refer to Note 1b;
- Income tax, tax basis for USA investments and recovery of deferred tax assets - refer to Note 4b;
- Impairment of trade and other receivables – refer to Note 8b;
- Valuation of financial assets at fair value and impairment of financial assets at amortised cost - refer to Note 9b and Note 15;
- Provision for estimated liability to Hareon Solar Singapore Private Limited (“Hareon”) - refer to Note 10b;
- Valuation of financial liabilities at fair value - refer to Note 11b;
- Impairment of goodwill and other identifiable intangible assets - refer to Note 18b;
- Impairment of investments in associates - refer to Note 19c; and
- Share-based payment transactions - refer to Note 20b.

f. Coronavirus disease (“COVID-19”) impact

The COVID-19 pandemic continues to have an impact on global economies and financial markets. The Group’s financial results for the half-year ended 31 December 2021 have been impacted by COVID-19, but this has been mitigated by the Group’s strategy to enhance the resilience of the Group’s earnings by diversifying into investments that are less susceptible to capital markets volatility and have a low correlation to other assets in the Group’s portfolio.

The Group’s assessment of the ongoing impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities. Valuations included in the financial report such as fair value assets, goodwill, other identifiable intangibles, investments in associates and joint venture and financial liabilities are based on the information available and relevant as at the date of this report. As market conditions are continually changing, changes to the estimates and outcomes that have been applied in the measurement of these assets and liabilities may arise in the future.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented to control it. Given the dynamic nature of these circumstances and the significant uncertainty, the related impact on the Group's future operating results, cash flows and financial condition cannot currently be reasonably estimated.

g. 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 condensed interim financial statements. Amounts in the condensed interim 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 PERIOD

This section provides information regarding the results and performance of the Group during the period, including further details on revenue, other income and net (losses)/gains on investments and financial instruments, 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:

	31 December 2021 $'000	31 December 2020 $'000
Timing of revenue recognition		
Over time		
- Fund management fees	6,257	10,931
- Performance fees	300	–
- Commission revenue	1,654	1,377
- Retainer revenue	351	69
- Sundry revenue	19	–
	8,581	12,377
At a point in time		
- Sundry revenue	24	21
Total revenue	**8,605**	**12,398**

b. Key estimates, judgments, and assumptions

Revenue recognition of performance fees

Performance fees are only recognised every end of the financial year of the controlled entity when the performance fees are realised, and no significant reversal will occur.

2. Other income and net (losses)/gains on investments and financial instruments

Analysis of balances

	31 December 2021 $'000	31 December 2020 $'000
Distributions and dividend income:		
- Financial assets at FVTPL	5,452	6,235
- Financial assets at fair value through other comprehensive income ("FVTOCI")	4,836	4,858
	10,288	**11,093**
Sundry income:		
Interest income:		
- Other persons/corporations	74	101
- Related party	11	53
Total sundry income	**85**	**154**
Loss on sale of investments:		
Loss on sale of a subsidiary	–	**(2,250)**
Changes in fair values of financial assets and liabilities:		
Financial assets through profit or loss:		
- Investment in Carlisle Management Company S.C.A. ("Carlisle")	2,880	6,313
- Investment in GQG Partners, Inc ("GQG Inc")	(36,429)	–
- Investment in Proterra	402	1,245
- Receivable from Raven	61	81
- Other	377	78
	(32,709)	7,717
Financial liabilities through profit or loss:		
- Earn-out obligations and deferred considerations	(260)	(126)
- Capital & Asset Management Group, LLP ("CAMG") put option	(464)	–
	(724)	(126)
Total changes in fair values of financial assets and liabilities through profit or loss	**(33,433)**	**7,591**

3. Expenses

Analysis of balances

	31 December 2021 $'000	31 December 2020 $'000
Salaries and employee benefits:		
- Salaries and employee benefits	6,231	8,467
- Share-based payment expense	229	300
Total salaries and employee benefits	**6,460**	**8,767**
Impairment expenses:		
- Impairment of investment in associates (Note 19):		
- Blackcrane Capital, LLC ("Blackcrane")	1,336	–
- CAMG	1,064	–
Total impairment expenses	**2,400**	**–**
Administration and general expenses:		
- Accounting and audit fees	730	1,075
- Commission and marketing expenses	151	192
- Computer and software maintenance expenses	225	465
- Deal, establishment and litigation costs	870	590
- Directors' fees	374	323
- Insurance expenses	374	632
- Lease expenses	79	112
- Net foreign exchange (gain)/loss	(15)	216
- Professional and consulting fees	717	663
- Provision for estimated liability to Hareon (refer to Note 10)	335	–
- Share registry and regulatory fees	102	118
- Taxes and license fees	248	313
- Travel and accommodation costs	162	(7)
- Other general expenses	417	378
Total administration and general expenses	**4,769**	**5,070**
Depreciation and amortisation expenses:		
- Depreciation of plant and equipment	121	160
- Amortisation of management rights	1,370	1,362
- Amortisation of right-of-use assets	115	315
Total depreciation and amortisation expenses	**1,606**	**1,837**
Interest expense:		
- Lease liabilities	26	63
Total expenses	**15,261**	**15,737**

4. Income tax

a. Analysis of balances

Income tax (benefit)/expense

	31 December 2021 $'000	31 December 2020 $'000
Total income tax (benefit)/expense recognised in profit or loss	**(5,933)**	**3,623**

	31 December 2021 $'000	30 June 2021 $'000
Tax losses not recognised		
- Unused tax losses for which no deferred tax asset has been recognised	1,756	294
- Potential tax benefit at relevant tax rate	**527**	**88**

The unused tax losses were incurred by the parent entity in Australia in respect to revenue and capital losses of $1,756,000 (31 December 2020: $294,000 revenue and capital losses of the parent entity in Australia).

Current tax assets		
Income tax receivable[1]	**1,620**	**10,675**
Current tax liabilities		
Provision for income tax[2]	**8,882**	**590**
Non-current liabilities – net deferred tax liabilities		
Components of net deferred tax liabilities:		
- Liabilities	57,008	32,405
- Assets	(4,214)	(4,501)
Net deferred tax liabilities	**52,794**	**27,904**

Notes:
[1] This is the estimated income tax receivable in Australia (30 June 2021: $1,895,000 in Australia and $8,780,000 in the USA).
[2] This is the estimated income tax liability of $8,291,000 in the USA and $591,000 in the UK (30 June 2021: UK).

b. Key estimates, judgments, and assumptions

(i) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are a number of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may differ from the taxation authorities' view. The Group recognises the impact of the anticipated tax liabilities based on the Group's current understanding of the tax laws. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Tax basis for USA investments

The Group determines its tax obligation in the event of liquidation and/or disposal of its USA investments. This is calculated by determining the tax basis and tax basis adjustments as permitted under the USA Internal Revenue Code. The tax basis adjustments involved an estimation of the additional tax basis specific to the USA investments.

The tax calculated at the Group level is also dependent on the notification of allocated taxable income by the USA investments that are deemed as partnerships in the USA. The amount of taxable income allocated from such partnerships to the Group may be subject to judgement and hence be amended in future periods.

(iii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences.

(iv) Tax losses not recognised

A deferred tax asset in relation to tax losses is regarded as recoverable and therefore recognised only when, on the basis of available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover the losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets in relation to tax losses in Australia have not been recognised on the basis that there remains uncertainty regarding the timing and quantum of the generation of taxable profits.

c. Uncertainty over income tax treatments

The tax calculated at the Group level is dependent on the notification of allocated taxable income by investments in the USA deemed as pass-through vehicles for tax purposes. The amount of taxable income allocated from such partnerships to the Group may be subject to judgement and hence be amended in future periods.

Other than the above, the Group's income taxes provision does not currently include any tax treatments for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under law.

5. Segment information

a. Reportable segments

Information reported to the Company's Board of Directors (the "Board") as the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of performance is focused on the profit/(loss) for the period earned by each segment.

The Group's segment reporting is categorised on the following criteria:

- Tier 1 boutiques – investments where the Group expects at least $4,000,000 of annual earnings; and
- Tier 2 boutiques – investments where the Group expects less than $4,000,000 of annual earnings.

For subsequent segment reporting purposes, transfer from/to Tier 1 boutiques to/from Tier 2 boutiques will be based on either of the following:

- their annual earnings contribution for two consecutive reporting periods. For example, an investment with an earnings contribution of $4,000,000 in the first reporting period and $3,000,000 in the second reporting period will still be classified as a Tier 1 boutique since one of its two reporting periods has an earnings contribution of $4,000,000; or
- assessment of the Board that the category of a particular investment be amended because of a substantial loss of funds under management ("FUM") and significant decline in the contribution to the Group.

The Group's categorisation of its reportable segments under AASB 8: *Operating Segments* are as follows:

	31 December 2021 Segment Category	30 June 2021 Segment Category
Aether Investment Partners, LLC ("Aether")	Tier 1	Tier 1
Aether General Partners	Tier 1	Tier 1
Banner Oak Capital Partners, LP[1]	Tier 1	–
Carlisle Management Company S.C.A.	Tier 1	Tier 1
GQG Partners, Inc[2]	Tier 1	–
GQG Partners, LP[2]	–	Tier 1
Proterra Investment Partners, LP	Tier 1	Tier 1
Victory Park Capital Advisors, LLC ("VPC")	Tier 1	Tier 1
Victory Park Capital GP Holdco, L.P. ("VPC-Holdco")	Tier 1	Tier 1
Astarte Capital Partners, LLP ("Astarte")	Tier 2	Tier 2
ASOP Profit Share LP ("ASOP-PSP")	Tier 2	Tier 2
Blackcrane Capital, LLC	Tier 2	Tier 2
Capital & Asset Management Group, LLP	Tier 2	Tier 2
EAM Global Investors, LLC	Tier 2	Tier 2
IFP Group, LLC ("IFP")	Tier 2	Tier 2
Nereus Capital Investments (Singapore) Pte Ltd ("NCI")	Tier 2	Tier 2
Nereus Holdings, L.P.	Tier 2	Tier 2
Northern Lights Alternative Advisors, LLP ("NLAA")	Tier 2	Tier 2

Notes:
[1] Banner Oak was acquired on 31 December 2021 (refer to Note 19a(ii) for details).
[2] GQG Inc and GQG LP were restructured on 29 October 2021 (refer to Note 9a footnote 1).

	31 December 2021 Segment Category	30 June 2021 Segment Category
Pennybacker Capital Management, LLC ("Pennybacker")	Tier 2	Tier 2
Roc Group	Tier 2	Tier 2
Seizert Capital Partners, LLC ("Seizert")[1]	–	Tier 2
Strategic Capital Investments, LLP	Tier 2	Tier 2

Notes:
[1] Seizert was disposed on 30 November 2020 (refer to Note 17a for details).

b. Analysis of balances

(i) Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments. The results reflect the elimination of intragroup transactions including those between the Group and its boutiques.

	Segment revenue		Share of net profits of associates		Segment (loss)/profit for the period	
	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 December 2020 $'000
Tier 1 boutiques	7,793	8,169	7,167	1,742	(13,364)	23,655
Tier 2 boutiques	812	4,221	252	174	(1,077)	1,250
	8,605	12,390	7,419	1,916	(14,441)	24,905
Central administration	–	8	–	–	(1,923)	(13,363)
Total per consolidated statement of profit or loss	**8,605**	**12,398**	**7,419**	**1,916**	**(16,364)**	**11,542**

The following details segment revenue:

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administra-tion $'000	Total $'000
31 December 2021				
Over time				
- Fund management fees	6,244	13	–	6,257
- Performance fees	–	300	–	300
- Commission revenue	1,530	124	–	1,654
- Retainer revenue	–	351	–	351
- Sundry revenue	19	–	–	19
	7,793	788	–	8,581
At a point in time				
- Sundry revenue	–	24	–	24
	7,793	**812**	–	**8,605**

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administra-tion $'000	Total $'000
31 December 2020				
Over time				
- Fund management fees	6,965	3,965	–	10,930
- Performance fees	–	–	–	–
- Commission revenue	1,204	166	8	1,378
- Retainer revenue	–	69	–	69
	8,169	4,200	8	12,377
At a point in time				
- Sundry revenue	–	21	–	21
	8,169	**4,221**	**8**	**12,398**

The following details segment (loss) after tax for the period for central administration:

	31 December 2021 $'000	31 December 2020 $'000
Revenue	–	8
Other income	13	101
Loss on sale of investments[1]	–	(2,250)
Changes in fair values of financial assets and liabilities	61	81
	74	(2,060)
Salaries and employee benefits	(3,933)	(3,994)
Administration and general expenses	(3,817)	(3,344)
Depreciation and amortisation expenses	(165)	(317)
Interest expense	(15)	(25)
	(7,930)	(7,680)
Income tax benefit/(expense)	5,933	(3,623)
Central administration net loss	**(1,923)**	**(13,363)**

Notes:
[1] The loss on sale of investments and the related income tax expense are classified under central administration.

(ii) Segment assets and liabilities

	Segment assets		Segment liabilities		Segment net assets	
	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000
Tier 1 boutiques	506,711	345,740	55,497	31,498	451,214	314,242
Tier 2 boutiques	80,861	75,698	26,131	24,612	54,730	51,086
	587,572	421,438	81,628	56,110	505,944	365,328
Central administration[1]	28,811	37,077	8,496	(405)	20,315	37,482
Total per consolidated statement of financial position	**616,383**	**458,515**	**90,124**	**55,705**	**526,259**	**402,810**

Notes:
[1] The total assets and liabilities under central administration consisted of the following:

	Segment assets			Segment liabilities	
	31 December 2021 $'000	30 June 2021 $'000		31 December 2021 $'000	30 June 2021 $'000
Cash and cash equivalents	23,463	21,032	Trade and other payables	2,440	2,647
Trade and other receivables	91	130	Provisions	529	509
Income tax receivable	1,620	10,675	Lease liabilities	839	344
Other financial assets	1,327	3,562	Provision for income tax	8,882	590
Plant and equipment	723	511	Net deferred tax (assets)	(4,194)	(4,495)
Right-of-use assets	676	224			
Other assets	911	943			
Total	**28,811**	**37,077**	Total	**8,496**	**(405)**

6. (Loss)/earnings per share

The following reflects the income and share data used in the calculations of basic and diluted (loss)/earnings per share.

	31 December 2021	31 December 2020
Basic (loss)/earnings per share:		
Net (loss)/profit attributable to the members of the Company ($'000)	(16,553)	11,625
Weighted average number of ordinary shares for basic earnings per share	50,925,258	50,124,540
Basic (loss)/earnings per share (cents)	**(32.51)**	**23.19**
Diluted (loss)/earnings per share:		
Net (loss)/profit attributable to the members of the Company ($'000)	(16,553)	11,625
Weighted average number of ordinary shares for diluted earnings per share	50,925,258	50,124,540
Diluted (loss)/earnings per share (cents)	**(32.51)**	**23.19**
Reconciliation of (loss)/earnings used in calculating (loss)/earnings per share:		
Net (loss)/profit attributable to the members of the Company used in the calculation of basic (loss)/earnings per share ($'000)	(16,553)	11,625
Net (loss)/profit attributable to the members of the Company used in the calculation of diluted (loss)/earnings per share ($'000)	(16,553)	11,625
Reconciliation of weighted average number of ordinary shares in calculating earnings per share:		
Weighted average number of ordinary shares for basic and diluted earnings per share	50,925,258	50,124,540

7. Notes to consolidated statement of cash flows

Analysis of balances

a. Reconciliation of (loss)/profit to net cash inflow from operating activities

	31 December 2021 $'000	31 December 2020 $'000
(Loss)/profit from ordinary activities after income tax	(16,364)	11,542
Adjustments and non-cash items:		
- Changes in fair values of financial assets and liabilities	33,433	(7,591)
- Impairment of assets	2,400	–
- Depreciation and amortisation expense	1,606	1,837
- Distribution and dividends received/receivable from associates and joint venture	1,247	880
- Provision for estimated liability to Hareon	335	–
- Share based payments	229	300
- Loss on sale of a subsidiary	–	2,250
- Share of net profit from associates and joint venture	(7,419)	(1,916)
- Non-operating interest income	35	(51)
- Non-operating interest expense	5	2
- Non-operating foreign exchange transactions	5	(193)
Changes in operating assets and liabilities:		
- Decrease in trade and other receivables	810	4,793
- (Increase)/decrease in other assets	(86)	402
- (Decrease) in trade and other payables	(691)	(790)
- Increase/(decrease) in current tax liabilities	17,502	(7,344)
- (Decrease)/increase in net deferred taxes	(23,121)	8,817
- Increase/(decrease) in provisions	13	(42)
Cash flows provided by operating activities	**9,939**	**12,896**

b. Non-cash investing and financing activities

Investing activities:		
- Recognition of right-of-use assets	501	–
	501	**–**
Financing activities:		
- Dividends reinvested	1,486	4,177
- Recognition of lease liabilities	627	–
	2,113	**4,177**

C. OPERATING ASSETS AND LIABILITIES

This section provides information regarding the operating assets and liabilities of the Group as at end of the period, including note disclosures on trade and other receivables, other financial assets and provisions.

8. Trade and other receivables

a. Analysis of balances

	31 December 2021 $'000	30 June 2021 $'000
Current		
Trade receivables	1,571	1,446
Distributions and dividend receivable	5,046	6,540
Sundry receivables	140	144
	6,757	8,130
Loss allowance for expected credit losses	(5)	(5)
	6,752	**8,125**
Non-current		
Trade receivables	**1,233**	**442**

Impairment

For the half-year ended 31 December 2021, the expected credit losses for trade and other receivables were adequate and therefore no additional impairment provision was recognised (30 June 2021: adequate, therefore no additional impairment provision was recognised).

b. Key estimates, judgments, and assumptions

Impairment of trade and other receivables

The Group applied the AASB 9 '*Financial Instruments*' simplified approach to measuring expected credit losses which uses an expected loss allowance for all trade and other receivables. The loss allowance was determined on the days past due and the credit risk characteristics of the balances.

The Group undertook a review of its trade, distributions and dividend receivable, and sundry receivables and the expected credit losses for each. The expected loss rates are then based on the payment profiles over a period of 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information on various factors affecting the ability of the counterparties to settle the receivables including the review of their financial statements.

9. Other financial assets

a. Analysis of balances

	Type of Instrument	31 December 2021 $'000	30 June 2021 $'000
Current			
Financial assets at amortised cost:			
- Receivable from EAM Global	Debt	516	660
- Loans receivable from IFP	Debt	–	267
- Sublease receivable	Debt	–	118
		516	1,045
Financial assets at FVTPL:			
- Receivable from Raven	Debt	1,264	1,198
		1,780	**2,243**
Non-current			
Financial assets at amortised cost:			
- Receivable from EAM Global	Debt	516	750
- Loans receivable from IFP	Debt	62	60
		578	810
Loss allowance for expected credit losses		(6)	(6)
		572	804
Financial assets at FVTPL:			
- Investment in GQG Inc[1]	Equity	209,653	–
- Investment in Carlisle	Debt and Equity	63,577	58,838
- Investment in Proterra	Equity	34,731	30,687
- Investment in IFP - preferential distribution (Refer to Note 19 a(iv))	Equity	–	1,919
- Receivable from Raven	Debt	–	575
- Other	Equity	517	67
		308,478	92,086
Financial assets at FVTOCI:			
- Investment in EAM Global	Equity	14,674	13,609
- Investment in GQG LP [1]	Equity	–	115,275
		14,674	128,884
		323,724	**221,774**

Notes:

[1] Since April 2016, the Group has held an interest in GQG LLC. This interest was held through GQG LP. During the period, the owners of GQG LLC sort to list the business of GQG LLC on the ASX. To facilitate this, the owners agreed, conditional on a successful initial public offering ("IPO"), to restructure their ownership interests.

On 29 October 2021, this IPO was successfully achieved. The restructure resulted in an entity GQG Inc being incorporated. The restructuring steps included the dissolution of GQG LP, which resulted in its equity owners to holding a direct interest in GQG LLC. This was immediately followed by the transfer of each owners' membership interests in GQG LLC to GQG Inc, in part exchange for common stock of GQG Inc and part exchange for cash.

The IPO then had GQG Inc issue CHESS Depositary Interests ("CDIs") over shares of common stock securities issued by GQG Inc. GQG Inc offered 20% of its common stock to Australian and overseas investors in the form of CDIs through listing on the ASX with a ticker code: GQG.

Following settlement, the Group received 4% of the common stock in GQG Inc to be held in escrow until the end of the escrow period which is expected to be at the end of August 2022 and cash amounting to $59,730,000 (US$43,696,000) representing the 1% of the value of GQG Inc at listing date with the ASX.

This transaction resulted in the Group having to derecognise its equity interests in GQG LLC held through GQG LP. Since the instrument was held as a financial asset at fair value through other comprehensive income, the resulting net gain after income tax of $138,239,000 (USD101,130,000) was recognised in Other Comprehensive Income. The cumulative change in fair value plus the net gain after income tax of $227,773,000 (USD166,630,000) were subsequently transferred from the investment revaluation reserve to retained earnings.

Given the nature of the Group's investment in the common stock of GQG Inc this is now recorded as a financial asset at fair value through profit or loss. At 31 December 2021, the share price of GQG Inc decreased from $2.00 at IPO date to $1.76 resulting in the recognition of a $36,429,000 decrease in the fair value of the Group's investment in the common stock of GQG Inc.

GQG Inc is a global boutique asset management firm focused on active equity portfolios. GQG Inc was incorporated in Delaware USA as a corporation. On 13 September 2021, it was registered as a foreign company in Australia under the applicable provisions of the *Corporation Act 2001.*

Impairment of other financial assets at amortised cost

Applying the expected credit loss model for other financial assets at amortised cost resulted in estimated loss of $6,000 at 31 December 2021 (30 June 2021: $6,000).

For the half-year ended 31 December 2021, the balance of the expected credit losses for other financial assets at amortised cost was considered adequate and therefore no impairment provision was recognised.

b. 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 financial 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. Refer to Note 15 for the fair value disclosures.

(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 history, existing market conditions and forward-looking estimates at the end of each reporting period.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas.

10. Provisions

	31 December 2021 $'000	30 June 2021 $'000
a. Analysis of balances		
Current		
Provision for estimated liability for Hareon[1]	11,032	10,698
Provision for annual leave	454	438
	11,486	**11,136**
Non-current		
Provision for long service leave	75	71
	75	**71**

Notes:

[1] Pursuant to and in connection with the Aurora Share Subscription and Assignment Deed ("Aurora Subscription 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, Nereus Capital Investments (Singapore) Pte. Ltd ("NCI") and Nereus Holdings Inc ("Nereus"), Aurora agreed to make a contingent additional contribution ("Additional Contribution") to NCI of up to five over seven (5/7) of Hareon's Capital Contribution less any amounts funded under the Guarantee as discussed in Note 16. 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 ("Shareholder's 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. Thus, the Option can be exercised beginning July 2022. The Put Option Price is equivalent to a return of Hareon's invested capital plus a specified return on their invested capital. The Class H shares have priority to other shareholders.

Management's assessment of the Additional Contribution that may be required in the event that Hareon were to put its Class H Shares back to NCI is estimated to be $11,032,000 (USD8,018,000) (30 June 2021: $10,698,000 (USD8,018,000)). Management have estimated the value of this Additional Contribution based on the difference between the expected cash settlement price with Hareon and the estimated cash available in NCI after the sale of the solar projects adjusted by indemnification of the sale and transaction costs. Management believes that the existing provision is sufficient to cover for the Additional Contribution as defined above. Accordingly, the Group's potential obligation did not change except for the impact of the foreign exchange as at 31 December 2021.

b. Key estimates, judgments, and assumptions

Provision for estimated liability to Hareon

Management determined the provision for estimated liability to Hareon is based on the difference between the expected cash settlement price with Hareon and the estimated cash available in NCI after the sale of the solar projects adjusted by indemnification of the sale and transaction costs.

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT

This section provides information regarding the capital, financing and financial risk management of the Group during the period, including note disclosures on financial liabilities, share capital, reserves, dividends paid and proposed, fair values and capital commitments and contingencies.

11. Financial liabilities

a. Analysis of balances

	31 December 2021 $'000	30 June 2021 $'000
Current		
Financial liabilities at FVTPL:		
- Deferred payment - former owners of EAM Global	259	258
Embedded Derivatives:		
- CAMG put option[1]	464	–
	723	**258**
Non-current		
Financial liabilities at FVTPL:		
- Earn out liability - Aether	4,268	4,064
- Earn-out liability - Pennybacker	6,040	5,672
- Deferred payment – former owners of EAM Global	126	121
	10,434	**9,857**

Notes:

[1] By means of a Limited Liability Partnership Deed ("Deed") (amended as at 12 August 2019) with CAMG, the Group has committed to make capital contributions of up to GBP4,000,000 over three years, for interests in CAMG up to a maximum of 40% in total. In exchange for drawing the remaining committed amount (each occurrence a "Subsequent Drawdown"), CAMG will issue and allot to the Group additional ordinary interests with the quantity dependent on conditions at each Subsequent Drawdown.

The Deed created a series of put options whereby CAMG has a right (but not an obligation) to sell ordinary interests in CAMG to the Group at the Subsequent Drawdown amounts within a period of three years. Thus, the Group has a liability in the form of the put options granted to CAMG. On 5 August 2021 the capital commitments were extended. Thus, a new put options were created and will expire in April 2022.

b. Key estimates, judgements, and assumptions

Valuation of financial liabilities at fair value

The Group exercises significant judgement in areas that are highly subjective (refer to Note 15a(i)). 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.

12. Share capital

a. Analysis of balances

	31 December 2021 $'000	30 June 2021 $'000
Issued and fully paid ordinary shares	**186,141**	**184,655**

Movements in ordinary shares on issue

	31 December 2021		30 June 2021	
	No. of shares	$'000	No. of shares	$'000
Opening balance	50,828,844	184,655	49,708,483	178,424
Shares issued				
- 7 October 2021 under the Dividend Reinvestment Plan ("DRP")	208,708	1,486	–	–
- 15 April 2021 under the DRP	–	–	10,877	61
- 23 October 2020 under the DRP	–	–	745,889	4,177
- 23 October 2020, under the underwriting deed relating to the DRP, net of share issue costs and income tax	–	–	363,595	1,993
Closing balance	**51,037,552**	**186,141**	**50,828,844**	**184,655**

The Company offers shareholders the opportunity to increase their holdings by participation in the DRP. The Company's DRP offers shareholders the option to reinvest all or part of their dividend in new ordinary shares.

On 7 October 2021, the Company issued 208,708 new fully paid ordinary shares at an issue price of $7.12 per share under the Company's DRP. Total dividends reinvested amounted to $1,486,000.

On 15 April 2021, the Company issued 10,877 new fully paid ordinary shares at an issue price of $5.56 per share under the Company's DRP. Total dividends reinvested amounted to $61,000.

On 23 October 2020, the Company issued 745,889 new fully paid ordinary shares at an issue price of $5.60 per share (being the 5.0% discount to the average of the 10 daily market Volume Weighted Average Price) under the Company's DRP. Total dividends reinvested amounted to $4,177,000.

On 23 October 2020, pursuant to a DRP underwriting agreement the Company issued 363,595 new fully paid ordinary shares at an issue price of $5.60 per share; totalling $2,036,000 before issue costs.

The new shares rank equally with existing shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

b. 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 half-year ended 31 December 2021, the Company paid dividends of $13,215,000 including dividends reinvested of $1,486,000 (31 December 2020: dividends of $12,427,000 including dividends reinvested of $4,177,000). The Board anticipates that the median payout ratio to be in the range of 60% 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.

13. Reserves

Analysis of balances

	31 December 2021 $'000	30 June 2021 $'000
Investment revaluation reserve	(3,394)	83,350
Foreign currency translation reserve	41,646	30,795
Equity-settled employee benefits reserve	6,931	6,702
	45,183	**120,847**

(i) Investment revaluation reserve

This reserve records the Group's gain on its financial assets at FVTOCI.

Movements in reserve:

Opening balance	83,350	63,605
Movement in other comprehensive income:		
- Net fair value gain on financial assets at FVTOCI, net of income tax	138,875	25,338
- Effect of foreign currency differences	2,154	(5,593)
	141,029	**19,745**
Transfers between reserves:		
- Reversal of the net fair value gain, net of income tax, on financial assets at FVTOCI derecognised during the period (refer to Note 9a footnote 1)	(227,773)	–
Closing balance	**(3,394)**	**83,350**

(ii) Foreign currency translation reserve

This reserve records the Group's foreign currency translation of foreign operations.

Movements in reserve:

Opening balance	30,795	56,278
Movement in other comprehensive income:		
- Exchange differences on translating foreign operations of the Group	10,780	(25,472)
- Share in foreign currency reserve of an associate, net of income tax	76	–
- Share of non-controlling interests	(5)	(11)
Closing balance	**41,646**	**30,795**

(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. Refer to Note 20 for further details of these plans.

Movements in reserve:

Opening balance	6,702	6,737
Share-based payments (refer to Note 20(ii))	229	594
Value of shares bought on market to settle performance rights vested (refer to Note 20(iii))	–	(629)
Closing balance	**6,931**	**6,702**

14. Dividends paid and proposed

Analysis of balances

	31 December 2021 $'000	31 December 2020 $'000
Previous financial year final dividend paid during the half-year:		
Fully franked dividend at 26 cents per share (31 December 2020: 25 cents per share)	13,215	12,427
Declared after the reporting period and not recognised[1]:		
Fully franked dividend at 15 cents per share (31 December 2020: 10 cents per share)	7,624	5,082

Notes:
[1] Calculation was based on the ordinary shares on issue as at 31 January 2022 (31 December 2020: 31 January 2021).

15. Fair value of financial instruments

a. Fair value estimation

(i) Fair value hierarchy

Some of the Group's financial assets and financial liabilities are measured on a recurring basis at fair value at the end of each reporting period.

The Group classifies fair value measurements using the fair value hierarchy categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table represents the Group's assets and liabilities measured and recognised at fair value as at 31 December 2021 and 30 June 2021.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2021				
Financial assets	209,653	448	114,315	324,416
Financial liabilities	–	–	11,157	11,157
30 June 2021				
Financial assets	–	67	222,101	222,168
Financial liabilities	–	–	10,115	10,115

The following table gives information about how the fair values of those financial assets and liabilities categorised as Level 3 items are determined (in particular, the valuation techniques and inputs used):

Financial instruments	31 December 2021 $'000	30 June 2021 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Financial assets at FVTPL					
Investments	98,377	91,444	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate	 6.4% to 42.9% (30 June 2021: 5.4% to 43%) 10.5% to 16.5% (30 June 2021: 9.1% to 16.5%) 2.5% to 3% (30 June 2021: 2.5% to 3%)	1% (30 June 2021: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $4,374,000 and increase by $5,142,000 (30 June 2021: decrease by $3,886,000 and increase by $4,775,000).

Financial instruments	31 December 2021 $'000	30 June 2021 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Receivable from Raven	1,264	1,773	Discounted Cash Flow - Projected revenue from the new FUM of the business - Discount rate	33.33% (30 June 2021: 33.33%) 5.91% (30 June 2021: 6.23%)	1% (30 June 2021: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $7,000 and decrease by $7,000 (30 June 2021: increase by $15,000 and decrease by $15,000).
Financial assets at FVTOCI					

Investments	14,674	128,884	Discounted Cash Flow
			- Revenue growth derived from FUM growth
			- Discount rate
			- Terminal growth rate
			- Probability factor on:
			  - discounted cash flow
			  - control transaction value
			  - call option value
				5% to 15.3% (30 June 2021: 5% to 39.3%)
				16.75% (30 June 2021: 13.5% to 17.5%)
				3% (30 June 2021: 3%)
				
				30 June 2021: 10%
				30 June 2021: 20%
				30 June 2021: 70%
					1% (30 June 2021: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $620,000 and increase by $717,000 (30 June 2021: decrease by $1,214,000 and increase by $1,495,000).

Total	**114,315**	**222,101**			
Financial liabilities at FVTPL					
Earn out liabilities and deferred payments	10,693	10,115	Discounted Cash Flow - Projected revenue - Earn-out factor to earn-out multiplier - Discount rate	$12,079,000 (30 June 2021: $10,514,000) 50% (30 June 2021: 50%) 8.32% to 16.75% (30 June 2021: 8.68% to 17.5%)	1% (30 June 2021: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $191,000 and decrease by $185,000 (30 June 2021: increase by $206,000 and decrease by $200,000).
Embedded derivatives					
CAMG put option	464	–	Risk free rate	1.2% (30 June 2021: N/A)	1% (30 June 2021: N/A) lower or higher risk free rate while all the other variables were held constant, the fair value would increase by $1,000 and decrease by $1,000 (30 June 2021: N/A.)
Total	**11,157**	**10,115**			

(ii) Transfers between levels and changes in valuation techniques

There were no transfers between the levels of fair value hierarchy during the period. There were also no changes made to any of the valuation techniques applied as at 31 December 2021.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the table below, the carrying amounts of financial assets (cash and cash equivalents, trade and other receivables and security deposits) and financial liabilities (trade and other payables) recognised in the condensed interim financial statements approximate their fair values.

	31 December 2021		30 June 2021	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets at amortised cost				
- Receivable from EAM Global	1,032	1,078	1,410	1,474
- Loans receivable from IFP	62	66	327	327

16. Capital commitments and contingencies

a. Capital commitments

The Group has outstanding capital commitments as follows:

	31 December 2021 $'000	30 June 2021 $'000
- Aether GPs (USD270,000) (30 June 2021: USD270,000)	372	361
- CAMG further drawdowns until April 2022 (GBP250,000) (30 June 2021: GBP750,000)[1]	466	1,382
- Additional Contribution to NCI (USD12,095,000) (30 June 2021: USD12,095,000)[2]	16,642	16,137
Total capital commitments	**17,480**	**17,880**

Notes:

[1] The Group had committed to extend capital commitment to CAMG to April 2022.

[2] Under the Aurora Subscription Deed and Shareholder's Deed referred in Note 10, Aurora agreed to make an Additional Contribution to NCI in the amount of USD13,500,000; reduced by the amount of Guarantee paid of USD1,405,000 (30 June 2021: USD1,405,000).

Earn-out payments for the future funds of Aether

This represents the potential commitment by the Group to the two founders of Aether, for marketing and offering interests for the set-up and successful launching of future Aether funds (ARA Fund VI and interim funds related to ARA Fund V and ARA Fund VI).

b. Contingent liabilities

The Group has outstanding contingent liabilities as follows:

- Guarantee to NCI (USD5,000,000)[1]	6,880	6,671
Total contingent liabilities	**6,880**	**6,671**

Notes:

[1] The Group agreed to provide a guarantee ("Guarantee") to NCI of up to USD5,000,000 a year for each of the six years following the date of commission of the first solar project sponsored by NCI. This Guarantee is to cover any shortfall payments, which are basically the amounts that are drawn upon by NCI if and when certain prescribed thresholds in respect to annual revenues of NCI are not met.

The Shareholder's Deed requires that an escrow account ("Escrow Account") be funded to be used to satisfy the Guarantee. These shortfall payments are drawn from the Escrow Account. The Group shall contribute additional amounts to the Escrow Account equal to any amounts drawn down by Nereus so that the balance of the of the Escrow Account will be kept at USD5,000,000. To date, the Group does not maintain the Escrow Account. Nevertheless, the Group had been honouring any shortfall payments by funding USD1,405,000 (30 June 2021: USD1,405,000).

c. Contingent assets

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by certain shareholders seeking leave of the court to commence a derivative action on behalf of the Company against several of its current and former Directors for damages arising out of the 2014 merger between the Company and the Northern Lights Capital Group, LLC. On 23 September 2019, the Company received a draft statement claim in relation to the derivative action.

On 20 February 2020, the certain shareholders received leave of the Federal Court of Australia under section 237 of the Corporations Act 2001 (Cth) to bring proceedings and file the statement of claim on behalf of the Company, against individuals who, in 2014, were Directors of the Company (previously known as Treasury Group Limited) prior to its business combination with Northern Lights Capital Partners, LLC (“Defendants”). The effect is that the Company is the named plaintiff in proceedings brought in the Federal Court of Australia against the Defendants. Omni Bridgeway (Fund 5) Australian Invt. Pty Ltd (the “Litigation Funder”) has given an undertaking to cover the Company’s costs and any liabilities or adverse cost orders made against the Company in favour of the Defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the Defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder’s share. The Company has made claims against its relevant insurance policies in relation to these matters on behalf of its current Directors.

E. GROUP STRUCTURE

This section provides information regarding the group structure of the Group, including further details on interests in subsidiaries, intangible assets and investment in associates and joint venture.

17. Interests in subsidiaries

The following are the Company's subsidiaries:

Name of subsidiaries	Country of incorporation	Ownership interest held by the Company	
		31 December 2021 %	30 June 2021 %
Aurora Investment Management Pty Ltd	Australia	100	100
The Aurora Trust	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
NLCG Distributors, LLC	USA	100	100
Northern Lights Capital Partners (UK) Ltd (“NLCPUK”)	UK	100	100
Carlisle Acquisition Vehicle, LLC (“CAV”)[2]	USA	100	100
Strategic Capital Investors, LLP	UK	60	60
Northern Lights MidCo II, LLC	USA	100	100
Aether Investment Partners, LLC	USA	100	100

Notes:
[1] This subsidiary is an intermediate holding company and non-operating.
[2] CAV is a limited liability company that holds the Group’s investment in Carlisle. Midco owns 1% and NLCPUK owns 99% of CAV.

a. Disposal of a subsidiary

On 30 November 2020, the Group sold all of its economic interest in Seizert to the Seizert management team. The assets and liabilities of Seizert including the other identifiable intangibles held in Seizert were derecognised as at 30 November 2020 and the proceeds amounting to $6,800,000 (USD5,000,000) before tax was received. The results of operations of Seizert from 1 July 2020 to 30 November 2020 were included in the consolidated financial statements. The sale of the Group’s investment in Seizert resulted to a loss of $2,250,000.

Details of the sale were as follows:

	$’000
Consideration received or receivable	6,800
Carrying amount of the investment sold	(9,050)
Loss on sale before income tax	(2,250)

The carrying amounts of assets and liabilities as at the date of the completion of the sale were:

	30 November 2020 $'000
Cash and cash equivalents	4,529
Trade and other receivables	2,304
Other current assets	674
Plant and equipment	57
Right-of-use assets	884
Other assets	3
Total assets	8,451
Trade and other payables	831
Provisions	13
Lease liabilities	933
Total liabilities	1,777
Net assets	6,674
Add: Intangible assets - brands and trademarks	2,376
Total carrying value	**9,050**

18. Intangible assets

a. Analysis of balances

	31 December 2021 $'000	30 June 2021 $'000
Goodwill, net of impairment	35,355	34,282
Other identifiable intangible assets, at carrying amount		
- Brand and trademark	7,430	7,205
- Management rights	10,189	11,218
	17,619	18,423
Total intangible assets	**52,974**	**52,705**

	Goodwill $'000	Brand and trademark $'000	Management rights $'000	Total $'000
Movement of intangible assets				
31 December 2021				
Opening balance	34,282	7,205	11,218	52,705
Amortisation	–	–	(1,370)	(1,370)
Effect of foreign currency differences	1,073	225	341	1,639
Closing balance	**35,355**	**7,430**	**10,189**	**52,974**
30 June 2021				
Opening balance	37,295	10,373	15,064	62,732
Amortisation	–	–	(2,642)	(2,642)
Disposal	–	(2,376)	–	(2,376)
Effect of foreign currency differences	(3,013)	(792)	(1,204)	(5,009)
Closing balance	**34,282**	**7,205**	**11,218**	**52,705**
Cash generating units				
Goodwill and other identifiable intangible assets:				
31 December 2021				
- Aether	35,355	7,430	10,189	52,974
Closing balance	**35,355**	**7,430**	**10,189**	**52,974**
30 June 2021				
- Aether	34,282	7,205	11,218	52,705
Closing balance	**34,282**	**7,205**	**11,218**	**52,705**

b. Key estimates, judgments, and assumptions

Impairment of goodwill and other identifiable intangible assets

At the end of each half-year reporting period, management assesses the level of goodwill and other identifiable intangible assets of each of the underlying cash-generating units of the Group. Should a cash-generating unit underperform or not meet expected growth targets from prior expectations, a resulting impairment of the goodwill and other identifiable intangible assets is 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, a 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 a steady state in terms of launching new funds based on the existing plan for the business. At 31 December 2021, management assessed goodwill and other identifiable intangible assets for impairment triggers and determined that no impairment is to be recognised (31 December 2020: nil).

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas.

19. Investment in associates and joint venture

a. Analysis of balances

Investment in associates	31 December 2021 $'000	30 June 2021 $'000
Opening balance	102,803	100,447
Acquisition of associates	47,843	7,979
Additional contribution to associates	6,446	1,377
Subsequent reclassification from FVTPL to investment in associate	1,966	–
Share of net profits of associates	6,706	6,994
Dividends and distributions received/receivable	(570)	(3,583)
Impairment	(2,400)	(3,536)
Share in foreign currency reserve of an associate	108	–
Effect of foreign currency differences	3,070	(6,875)
Closing balance	165,972	102,803
Investment in joint venture		
Opening balance	29,255	33,159
Share of net profit/(loss) of a joint venture	712	(386)
Dividends and distributions received/receivable	(677)	(845)
Effect of foreign currency differences	917	(2,673)
Closing balance	30,207	29,255
Total	**196,179**	**132,058**

(i) Details of associates and joint venture

	Principal activity	Ownership interest 31 December 2021 %	Ownership interest 30 June 2021 %	Place of incorporation and operation
Associates				
Aether General Partners	Funds Management	25.00	25.00	USA
ASOP Profit Share LP	Investment Entity	39.03	39.31	Cayman Islands
Astarte Capital Partners, LLP	Funds Management	44.46	44.90	UK
Banner Oak Capital Partners, LP[1]	Funds Management	35.00	-	USA
Blackcrane Capital, LLC	Funds Management	25.00	25.00	USA
Capital & Asset Management Group, LLP	Funds Management	38.75	36.25	USA/UK
IFP Group, LLC	Investment Adviser	24.90	24.90	USA
Northern Lights Alternative Advisors LLP	Placement Agent	23.00	23.00	UK
Roc Group	Funds Management	30.01	30.01	Australia
Victory Park Capital Advisors, LLC	Funds Management	24.90	24.90	USA
Victory Park Capital GP Holdco, L.P.	Funds Management	24.90	24.90	USA
Joint venture				
Copper Funding, LLC	Investment Entity	50.00	50.00	USA
Associate of the joint venture				
Pennybacker Capital Management, LLC	Funds Management	16.50	16.50	USA

Notes:
[1] Banner Oak is an alternative investment manager offering a private real estate strategy focused on the creation of growth of fully integrated private real estate operating companies. It is based in Dallas, Texas, USA.

(ii) Acquisitions of associates

On 31 December 2021, the Group acquired a 35% equity interest in Banner Oak for $47,843,000 (USD35,000,000) and a potential earn-out obligation with a maximum additional consideration of $6,835,000 (USD5,000,000). This earn-out obligation would be paid between the closing of the transaction and 31 December 2025 based on Banner Oak's cumulative management fee revenues net of any acquisition and placement fees reduced by certain revenue hurdles. At the date of acquisition, the fair value of the potential obligation of the Group is $1,546,000 (USD1,131,000). This has been added to the acquisition cost of Banner Oak.

In the prior period, the Group invested in Astarte and ASOP-PSP for $7,979,000 (GBP4,420,000) for a 44.90% and 39.31% equity ownership, respectively. The acquisition included goodwill and other identifiable intangible assets of $6,727,000.

(iii) Additional contributions to associates

On 31 August 2021 and 14 December 2021, CAMG made drawdowns for $932,000 (GBP500,000). This resulted to the increase in the Group's equity interest in CAMG to 38.75%.

In the prior period, drawdowns were made to CAMG for $1,354,000 (GBP750,000) including $903,000 (GBP500,000) drawdowns as at 31 December 2020.

(iv) Restructuring of associates

On 27 December 2021, the Group restructured its investment in IFP.

The Group contributed an additional $5,468,000 (USD4,000,000) in exchange for an additional 20% of the economics or share in profit/losses of IFP and a preference in distribution. The investment in IFP is still accounted for as an associate since the increase in the share of economics or share in profit/losses of IFP and preference in distribution did not change the Group's significant influence over IFP.

In addition, the operating capital contributions with a value of $1,966,000 (USD1,439,000) that were entitled to 10% to 13% annual returns were converted as part of the preferred equity held in IFP. Accordingly, these investments in IFP were transferred from fair value through profit or loss to investment in an associate. The conversion of these instruments did not give rise to an increased equity ownership nor a return specific to these instruments.

b. Summarised financial information for material associates and joint venture

	31 December 2021				31 December 2020		
	Banner Oak[1] $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Comprehensive income							
Revenue for the period	–	18,484	41,424	224	12,195	20,633	548
Profit after tax for the period	–	7,859	31,994	224	1,982	10,038	437
Other comprehensive income for the period	–	–	–	–	–	–	–
Total comprehensive income for the period	–	7,859	31,994	224	1,982	10,038	437
Dividends/distributions received during the period	–	677	–	124	450	–	134

	31 December 2021				30 June 2021		
	Banner Oak[1] $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Financial position							
Current assets	747	5,643	65,360	–	2,818	26,006	–
Non-current assets	1,229	–	47,149	–[2]	–	33,629	–[2]
Current liabilities	(283)	(224)	(67,214)	(843)	(1,184)	(44,124)	(817)
Non-current liabilities	(632)	–	(9,284)	–	–	(9,449)	–
Net assets/(liabilities)	1,061	5,419	36,011	(843)	1,634	6,062	(817)

Notes:
[1] Banner Oak was acquired on 31 December 2021 resulting to nil amounts in the comprehensive income.
[2] The non-current assets balance of VPC-Holdco included the carried interest amounting to $73,099,000, of which the Group has $18,202,000 share (30 June 2021: $57,429,000, of which the Group has $14,300,000 share), was not recognised in accordance with AASB 15: *Revenue*.

	31 December 2021				30 June 2021		
	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Reconciliation of the summarised financial position to the carrying amount recognised by the Group:							
- Net assets/(liabilities) before determination of fair values	1,061	5,419	36,011	(843)	1,634	6,062	(817)
- Ownership interest in %	35.00%	16.50%[1]	24.90%	24.90%	16.50%[1]	24.90%	24.90%
- Proportion of the Group's ownership interest	371	894	8,967	(210)	270	1,509	(203)
- Acquired goodwill and intangibles	47,786	28,555	42,015	20,306	28,857	48,761	22,104
- Impairment	–	–	–	–	–	–	(2,358)
- Undistributed profits	–	751	13,937	–	128	5,854	–
- Effect of foreign currency differences	–	5	92	–	(1)	(27)	11
Closing balance	48,157	30,205	65,011	20,096	29,254	56,097	19,554

Notes:
[1] The effective ownership interest of the Group of 16.5% was used calculating the proportion of the Group's ownership at Pennybacker through the joint venture in CFL.

c. Key estimates, judgments, and assumptions

Impairment of investments in associates and joint venture

At the end of each half-year reporting period, management is required to assess the carrying values of each of the underlying investments in associates and joint venture of the Group. Should an investment 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 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. A significant or prolonged decline in the fair value of an associate or joint venture below its cost is also evidence of impairment. At 31 December 2021, the investments in associates and joint venture were assessed for impairment triggers. The investment in Blackcrane was impaired by $1,336,000 and the investment in CAMG was impaired by $1,064,000 (31 December 2020: nil).

For the impairment of Blackcrane, a weighted average discount rate of 17.62% was applied in the cash flow projections during the discrete period, tax rate of 21% and inflation rate of 3%. For the impairment of CAMG, a weighted average discount rate of 19.16% was applied in the cash flow projections during the discrete period, tax rate of 19% and inflation rate of 3%.

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas.

F. OTHER INFORMATION

This section provides other information of the Group, including further details share-based payments, significant events subsequent to reporting date and adoption of new and revised Standards.

20. Share-based payments

Share based payments of Key Management Personnel and other officers of the Group are disclosed in the annual financial report.

a. The Group Long-Term Incentive ("LTI") Plan

(i) Performance rights of Mr. Greenwood

On 19 November 2021, the performance rights to Mr Greenwood were issued and approved by the shareholders at the Annual General Meeting ("AGM"). The issue of performance rights to Mr Greenwood was no more than 1,740,000 performance rights in accordance with the existing Employee Share Ownership Plan. The performance rights will vest in two tranches, one third being 580,000 (Tranche 1) will vest on 1 July 2024 and the two thirds being 1,160,000 (Tranche 2) will vest on 1 July 2025. Both tranches require Mr Greenwood's continued employment. The average value of each right was $1.54. The total value at grant date of these outstanding performance rights was $2,687,113 for an equivalent number of shares of 1,740,000. The performance rights on issue were valued on 19 November 2021 by an independent adviser using a Black Scholes pricing model.

On 21 August 2020, the Directors of the Company approved the issue of 102,500 ordinary shares for Mr. Greenwood, as a result of the vesting of his performance rights issued on 5 October 2017. This was completed on 16 September 2020.

(ii) Performance rights recognised in the profit or loss

The amount of performance rights amortisation expense for the period was $229,000 (31 December 2020: $300,000).

(iii) Shares bought on market to settle share-based payments

There were no shares bought on market since no performance rights vested during the period (31 December 2020: $629,000).

b. Key estimates, judgments, and assumptions

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using Black Scholes/ Monte-Carlo simulation model with the assumptions.

The assumptions used in arriving at the valuations are as follows:

	Volatility of the underlying share price	Expected dividend yield per annum	Risk free rates per annum
Under the Employee Share Ownership Plan 2018 employees			
- 19 November 2021	40%	5.10%	0.95% and 1.40%
- 1 August 2019	30%	3.60%	0.87% and 0.83%
- 25 June 2019	30%	4.48%	0.89% and 0.90%
Under the MD & CEO LTI Plan			
- 21 June 2018	30%	3.84%	2.07% and 2.15%

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

21. Significant events subsequent to reporting date

On 25 February 2022, the Directors of the Company declared an interim fully franked dividend of 15 cents per share. The interim dividend for 2022 financial year will be eligible to the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2021 condensed interim financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 31 December 2021 that has significantly affected or may significantly affect in the financial years subsequent to 31 December 2021 either the operations or the state of affairs, of the Group.

22. Adoption of new and revised Standards

a. New and amended AASB standards that are effective from 1 July 2021

All new and revised accounting standards relevant to the Group that are mandatorily effective for the current year have been adopted by the Group. Adoption of these other new and revised accounting standards did not result in a material financial impact to the condensed interim financial statements of the Group.

b. Standards and interpretations in issue not yet adopted

The AASB has issued several new and amended accounting standards and Interpretations that have mandatory application dates for future reporting periods have not been early adopt by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached condensed interim financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Directors made pursuant to s.305(5) of the *Corporations Act 2001*.

On behalf of the Directors

Antony Robinson
Chairman

25 February 2022

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Independent auditor's review report to the members of Pacific Current Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying condensed interim financial report of Pacific Current Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

i. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Ernst & Young

R Da Silva

Rita Da Silva
Partner

Sydney
25 February 2022

Jaddus M Manga Neto

Jaddus Manga
Partner

Sydney
25 February 2022

Directors
Mr. Antony Robinson, Independent Non-Executive Chairman
Mr. Paul Greenwood, Executive Managing Director
Mr. Jeremiah Chafkin, Non-Executive Director
Ms. Melda Donnelly, Non-Executive Director
Mr. Gilles Guérin, Non-Executive Director
Mr. Peter Kennedy, Non-Executive Director

Executive Management
Mr. Paul Greenwood, Chief Executive Officer and Chief Investment Officer
Mr. Ashley Killick, Chief Financial Officer

Company Secretary
Ms. Clare Craven

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