Appendix 4D

Half-Year Report

Under ASX Listing 4.2A.3

MA Financial Group Limited
ABN 68 142 008 428

Current reporting period: 1 January 2022 to 30 June 2022

Previous corresponding period: 1 January 2021 to 30 June 2021

Results for announcement to the market	Half-year ended 30 Jun 2022 $m	Half-year ended 30 Jun 2021 $m	Up/Down	Movement %
Revenues from ordinary activities	343.7	88.5	Up	288.4%
Total income	153.7	100.8	Up	52.5%
Profit from ordinary activities after tax attributable to ordinary equity holders	20.5	14.3	Up	43.4%
Net profit after tax attributable to ordinary equity holders	20.5	14.3	Up	43.4%
Total comprehensive income	19.3	24.6	Down	(21.5%)

Dividend per ordinary share	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2021 interim dividend per share (paid 22 September 2021)	5.0	5.0	30.0%
2021 final dividend per share (paid 11 March 2022)	12.0	12.0	30.0%
2022 interim dividend per share (resolved, not yet provided for at 30 June 2022)	6.0	6.0	30.0%

Final dividend dates	
Record Date:	31 August 2022
Payment Date:	21 September 2022

Other disclosure requirements	Half-year ended 30 Jun 2022	Half-year ended 30 Jun 2021
Net tangible assets per ordinary share[1]	$1.41	$2.40

1. Excludes goodwill, deferred tax assets and liabilities and other intangible assets. Prior corresponding period comparative has been restated to include right-of-use assets per *ASIC Corporations Instrument 2021–229*.

Additional Appendix 4D disclosure requirements and commentary on significant events relating to operating performance and results are included in the Half-Year Financial Report for the half-year ended 30 June 2022 and the Directors' Report for the half-year ended 30 June 2022.

This information should be read in conjunction with the 2021 Annual Report, the Half-Year Financial Report for the half-year ended 30 June 2022 and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

This report is based on the interim consolidated financial statements for the half-year ended 30 June 2022 which have been reviewed by KPMG.

MA Financial Group

Consolidated Half-Year Financial Report

30 June 2022

MA Financial Group Limited
A.B.N. 68 142 008 428

Directors' report

For the half-year ended 30 June 2022

The Directors of MA Financial Group Limited (Company) submit their report together with the consolidated financial report of the Company and its subsidiaries (Group) for the half-year ended 30 June 2022.

The Directors of the Company during or since the end of the period are:

Jeffrey Browne	Independent Chairman and Non-Executive Director
Andrew Pridham	Vice Chairman
Alexandra Goodfellow	Independent Non-Executive Director
Kenneth Moelis	Non-Executive Director
Kate Pilcher Ciafone	Non-Executive Director
Simon Kelly	Independent Non-Executive Director
Julian Biggins	Joint Chief Executive Officer
Christopher Wyke	Joint Chief Executive Officer

The Directors have been in office since the start of the year to the date of this report unless otherwise noted.

Review of operations and results

Principal activities

MA Financial Group is a financial services provider specialising in asset management, lending, corporate advisory and equities with offices in Sydney, Melbourne, Hong Kong and Shanghai. The Group's principal activities are providing asset management, lending, corporate advisory and equities services. During the period, the Group significantly expanded its Lending business, acquiring Finsure Holding Pty Ltd and its subsidiaries (Finsure) and MKM NewCo Pty Ltd and its subsidiaries (MKM). In the opinion of the Directors, there were no other significant changes to the principal activities of the Group during the period under review that are not otherwise disclosed in this report.

Results

The financial report for the half-year ended 30 June 2022 and the results herein are prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The COVID-19 pandemic has continued to impact the global economy and financial markets. The Group has focused on the health and safety of its employees offering operational information and support and enabled remote working. Management have considered the financial impact of COVID-19 on the Group and relevant disclosures have been provided in the notes to the Half-Year Financial Report.

In accordance with Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS), the total comprehensive income attributable to ordinary equity holders of the Group for the half-year ended 30 June 2022 was $19.3 million (half-year ended 30 June 2021: $24.6 million) and the profit after tax for the half-year ended 30 June 2022 was $20.5 million (half-year ended 30 June 2021: $14.3 million).

	Half-year ended 30 Jun 2022 $'000	Half-year ended 30 Jun 2021 $'000	Movement %
Statutory results			
Total income	153,651	100,750	53%
Profit before tax	26,726	20,694	29%
Profit after income tax	20,542	14,300	44%
Total comprehensive income	19,306	24,600	(22%)
Underlying results			
Revenue	146,152	94,815	54%
EBITDA	49,573	30,293	64%
Net profit after income tax	28,069	17,806	58%

	Half-year ended 30 Jun 2022		Half-year ended 30 Jun 2021	
	Underlying cents	Statutory cents	Underlying cents	Statutory cents
Earnings per share				
Basic earnings per share	17.6	12.9	12.4	10.0
Diluted earnings per share	16.9	12.3	11.9	9.6

Review of operations and results (continued)

The earnings used in the calculation of statutory basic and diluted earnings per share is the Group's profit after tax. The underlying earnings used in the calculation of Underlying basic and diluted earnings per share is the Group's Underlying net profit after tax.

Non-IFRS Underlying Results

The Group also utilises non-IFRS "Underlying" financial information in its assessment and presentation of Group performance. In particular, the Group references Underlying Revenue, Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Underlying Earnings Per Share (EPS), Underlying Net Profit After Tax (NPAT), and Underlying Return on Equity (ROE).

The Directors place great importance and value on the IFRS measures. As such, the Directors believe, when read in conjunction with the IFRS measures, the Underlying measures are useful to the reader as:

- The Underlying measures reveal the underlying run rate business economics of the Group;
- The Underlying measures are used by management to allocate resources and make financial, strategic and operating decisions. Further, all budgeting and forecasting is based on Underlying measures. This provides insight into management decision making; and
- Unless otherwise as disclosed, the Underlying adjustments have been consistently applied in all reporting periods, regardless of their impact on the Underlying result.

The Underlying financial information is not prepared in accordance with Australian Accounting Standards and IFRS and is not audited. Adjustments to the IFRS information align with the principles by which the Group views and manages itself internally and consist of both differences in classification and differences in measurement.

Differences in classification arise because the Group chooses to classify some IFRS measures in a different manner to that prescribed by IFRS.

Differences in measurement principally arise where the Group prefers to use non-IFRS measures to better:

- Align with when management has greater certainty of timing of cash flows;
- Regulate the variability in the value of key strategic assets; and
- Normalise for the impacts of one-off transaction costs.

As announced on 9 June 2022, the Group amended the Underlying treatment of mark to market movements of investments by removing any unrealised gains or losses from Underlying revenue. The Underlying results for the half-year ended 30 June 2022 reflect this revised approach with comparatives restated accordingly.

Please refer to note 2 of the Half-Year Financial Report for a detailed reconciliation between the IFRS and Underlying measures.

Group Overview

Underlying EBITDA achieved for the half-year ended 30 June 2022 was $49.6 million, up 64% from $30.3 million in the prior corresponding period[1]. Underlying NPAT for the half-year ended 30 June 2022 was $28.1 million, up 58% from $17.8 million in the prior corresponding period. These results were underpinned by strong performance in the Group's three operating segments: Asset Management, Lending and Corporate Advisory and Equities (CA&E). Unallocated costs associated with the central executives and corporate support functions are shown separately as Corporate Services.

Key highlights were the continued EBITDA growth in Asset Management, a record first half revenue performance by CA&E and the continued scaling of the Lending division, both organically and through the acquisition of Finsure and MKM. The Group made significant investment in the platform with the hiring of new resources and new premises in Sydney, Melbourne and Hong Kong.

1. Prior corresponding period (pcp) refers to the six months ended 30 June 2021.

Review of operations and results (continued)

Segment overview

The Group's Underlying measures directly align with the segment measures required by AASB 8 *Operating Segments*. Further information and reconciliations are provided in note 2 of the Half-Year Financial Report.

	Half-year ended 30 Jun 2022 $'000	Half-year ended 30 Jun 2021 $'000
Asset Management	42,411	24,332
Lending	12,319	6,419
Corporate Advisory and Equities	6,649	6,524
Corporate Services	(11,806)	(6,982)
Underlying EBITDA	**49,573**	**30,293**
Depreciation and amortisation	5,238	2,202
Interest expense	4,236	2,654
Income tax expense	12,030	7,631
Underlying NPAT	**28,069**	**17,806**

Asset Management

Asset Management contributed approximately 69% of Group Underlying EBITDA before Corporate Services in the half-year ended 30 June 2022. This result was derived from Underlying Revenue of $89.7 million, up 58% from $56.7 million in the prior corresponding period. AUM grew by $1.1 billion to $7.2 billion at 30 June 2022 with net client inflows of $412 million, down $94 million on the prior corresponding period.

Base management fee revenue was up 35% on the prior corresponding period with total divisional revenue further augmented by strong growth in performance and transaction fee revenue up 129% and 61% respectively. A key driver of the performance fee growth was the hospitality management platform with transaction fees benefitting from a rebound in activity following COVID-19 disruption in the half-year ended 30 June 2021.

Expense growth was driven by the continued investment in platform growth and a full period impact of RetPro which was acquired in April 2021.

Lending

Lending expanded its specialist principal lending operations with the acquisition of broker aggregator Finsure in February 2022 and mortgage lender MKM in March 2022.

Underlying Revenue, representing both net interest margin (NIM) and fee and commission income from Finsure grew to $25.2 million for the half-year ending 30 June 2022, up $15.0 million or 147% on the prior corresponding period. This was a result of the acquisitions, strong loan book growth driven by continued market traction in managed loans funding initiatives and organic growth in the specialty finance platform focused on legal disbursement funding.

The continued investment in the Lending platform, including hiring new resources and exploring investment opportunities, increased expenses in the period to 30 June 2022.

Corporate Advisory and Equities

Corporate Advisory and Equities achieved a record first half Underlying revenue contribution of $30.3 million for the half-year ended 30 June 2022 (30 June 2021: $27.9 million) benefitting from strong M&A activity. This activity has continued post the period end, resulting in a robust transaction pipeline for the second half of 2022.

The Group continues to invest in Corporate Advisory and Equities resources including two Managing Directors during the period. This investment was the key driver of the increase in expenses in the period.

Review of operations and results (continued)

Financial position

Statutory total assets amounted to $1,923 million (31 December 2021: $873 million) of which $1,006 million relate to the acquired businesses Finsure and MKM. At 30 June 2022, net assets amounted to $391 million (31 December 2021: $370 million).

The statutory consolidated statement of financial position includes the consolidation of two credit funds managed by the Group, two specialist lending securitisation trusts and three mortgage securitisation trusts associated with the MKM business. These credit enhancement entities are associated with the Lending business for the generation of net interest margin and contain liabilities which are secured only by the assets of these entities with no further recourse to the Group.

Management prefers to make use of an Operating balance sheet which predominantly excludes the gross assets and liabilities of the credit enhancement entities when reviewing the Group financial position. The Operating balance sheet presents a simplified view of the total economic exposure of the Group and the capital available to management to allocate. A reconciliation of the Operating balance sheet to the statutory consolidated statement of financial position can be found on page 40 of the 1H22 Results Presentation that accompanies this half-year report.

	Statutory		Operating	
	30 Jun 2022 $'000	31 Dec 2021 $'000	30 Jun 2022 $'000	31 Dec 2021 $'000
Cash and cash equivalents	120,108	242,861	73,482	237,170
Loans receivable	649,467	342,449	9,745	50,530
Contract assets	550,054	-	26,782	-
Investments	249,467	190,232	203,885	171,289
Goodwill and other intangibles	184,306	37,769	184,307	27,895
Other assets	169,914	59,561	148,807	71,203
Total assets	**1,923,316**	**872,872**	**647,008**	**558,087**
Borrowings	356,397	120,030	95,030	95,030
Contract liabilities	523,271	-	-	-
Fund preferred units	386,052	286,290	-	-
Other liabilities	266,274	96,519	160,655	93,024
Total liabilities	**1,531,994**	**502,839**	**255,685**	**188,054**
Net assets	**391,322**	**370,033**	**391,322**	**370,033**
Net tangible assets	**225,898**	**343,418**	**225,898**	**343,418**

Review of operations and results (continued)

The Group manages its capital with the aim of maximising the return to shareholders through the optimisation of debt and equity capital balances. Fundamental to this is maintaining a strong balance sheet, which supports the business through economic shock but also facilitates attractive investment opportunities.

Notable movements in the Group's operating balance sheet were centred on the deployment of cash. Group cash reduced in the period as capital was allocated to acquisitions, with a particular focus on the Lending division's acquisition of Finsure and MKM. These acquisitions were funded predominantly through a capital raise of $100 million in December 2021, and the associated share purchase plan of $20 million in January 2022.

Cash reduced further due to the annual working capital cycle low point in the first half due to the payment of annual bonuses and the final dividend in March 2022. To provide further flexibility to the balance sheet, the availability of Group cash resources was enhanced with the finalisation of a flexible $40 million revolving corporate facility in June 2022.

Net tangible assets decreased during the period as a result of the utilisation of cash to fund the acquisition of MKM and Finsure, businesses consisting largely of intangible net assets.

Dividends

A fully franked final dividend for the year ended 31 December 2021 of $20.5 million (12.0 cents per share) was paid on 11 March 2022.

Subsequent to 30 June 2022, the Directors have resolved to pay a fully franked interim dividend of 6 cents per share for the half-year ended 30 June 2022. The interim dividend is payable on 21 September 2022.

Subsequent events

There were no material events subsequent to period end.

Change in auditor

Effective 21 June 2022, KPMG was appointed as auditor for the Company. This appointment follows the outcome of an audit tender process. In accordance with this process and s.329(5) of the *Corporations Act 2001* (Cth), the Company has received the resignation of Deloitte Touche Tohmatsu following ASIC's consent to the resignation. In accordance with s.327C of the *Corporations Act 2001* (Cth), the appointment of KPMG as auditors of the Company will be recommended by the Directors for shareholder approval at the Company's next Annual General Meeting.

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* (Cth) is set out immediately after the Directors' Report.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* amounts in the Directors' Report and the Half-Year Financial Report have been rounded off to the nearest thousand dollars unless otherwise indicated.

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

Jeffrey Browne

Independent Chair and Non-Executive Director

Sydney

25 August 2022

Julian Biggins

Director and Joint Chief Executive Officer

Sydney

25 August 2022

Auditor's independence declaration

For the half-year ended 30 June 2022

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

To the Directors of MA Financial Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MA Financial Group Limited for the half-year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Shaun Kendrigan

Partner

Sydney

25 August 2022

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Independent Auditor's Review Report

To the shareholders of MA Financial Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of MA Financial Group Limited.

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 30 June 2022;
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises MA Financial Group Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the 6 months ended on 30 June 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Shaun Kendrigan
Partner
Sydney
25 August 2022

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Directors' declaration

For the half-year ended 30 June 2022

In the Directors' opinion:

(a) 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) the financial statements and notes for the half-year ended 30 June 2022 thereto set out on pages 14 to 43 are in accordance with the *Corporations Act 2001* (Cth) including:

- (i) complying with the Australian Accounting Standards; and
- (ii) giving a true and fair view of the consolidated Group's financial position as at 30 June 2022 and performance for the half-year ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001* (Cth).

Jeffrey Browne

Independent Chair and Non-Executive Director

Sydney

25 August 2022

Julian Biggins

Director and Joint Chief Executive Officer

Sydney

25 August 2022

MA Financial Group

Half-Year Financial Report

Contents

Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 30 June 2022

	Note	Half-year ended 30 Jun 2022 Consolidated $'000	Half-year ended 30 Jun 2021 Consolidated $'000
Fee and commission income	3	343,737	88,508
Fee and commission expense	4	(217,600)	(9,000)
Net fee and commission income		**126,137**	**79,508**
Share of (loss)/profit of associates		(2,686)	2,799
Interest income	5	21,841	14,672
Investment income	6	4,039	1,828
Other income	7	4,320	1,943
Total income		**153,651**	**100,750**
Employee expenses		84,644	57,567
Marketing and business development		4,795	2,040
Professional services		4,035	2,821
Information, technology and data		4,333	2,581
Insurance		1,180	912
Fund administration and operational costs		1,010	224
Depreciation and amortisation		8,164	4,426
Finance costs		13,639	6,696
Credit loss allowance	15	256	1,219
Other expenses		4,869	1,570
Total expenses		**126,925**	**80,056**
Profit before tax	2	**26,726**	**20,694**
Income tax expense		(6,184)	(6,394)
Profit after income tax for the period		**20,542**	**14,300**
Other comprehensive income, net of income tax			
Items that will not be classified subsequently to profit or loss:			
Fair value (loss)/gain on investments in equity instruments designated at FVTOCI		(1,795)	7,233
Share of other comprehensive income of associates		307	3,067
Foreign exchange movements on translation		252	-
Total other comprehensive (loss)/income		**(1,236)**	**10,300**
Total comprehensive income for the period		**19,306**	**24,600**
Earnings per share			
From continuing operations			
Basic (cents per share)		12.9	10.0
Diluted (cents per share)		12.3	9.6

The above condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

For the half-year ended 30 June 2022

	Note	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Assets			
Current assets			
Cash and cash equivalents	10	120,108	242,861
Receivables	13	86,663	36,505
Loans receivable	14	199,494	169,156
Other assets		5,725	14,321
Contract assets	12	112,574	-
Other financial assets	16	107,810	3,805
Income tax receivable		65	-
Total current assets		**632,439**	**466,648**
Non-current assets			
Restricted cash		5,125	6,700
Loans receivable	14	449,973	173,293
Contract assets	12	437,480	-
Other financial assets	16	29,450	66,034
Property, plant and equipment		6,273	2,035
Right-of-use assets	18	66,063	9,874
Investments in associates and joint ventures	11	112,207	120,393
Intangible assets	17	56,646	13,885
Goodwill	17	127,660	14,010
Total non-current assets		**1,290,877**	**406,224**
Total assets		**1,923,316**	**872,872**
Liabilities			
Current liabilities			
Trade and other payables		143,055	33,978
Borrowings	19	55,030	55,030
Contract liabilities	12	107,096	-
Lease liabilities		6,410	6,598
Provisions		33,137	42,461
Income tax payable		-	7,047
Total current liabilities		**344,728**	**145,114**
Non-current liabilities			
Trade and other payables		1,567	229
Borrowings	19	687,419	351,290
Contract liabilities	12	416,175	-
Lease liabilities		61,545	3,687
Provisions		1,678	1,239
Deferred tax liabilities		18,882	1,280
Total non-current liabilities		**1,187,266**	**357,725**
Total liabilities		**1,531,994**	**502,839**
Net assets		**391,322**	**370,033**
Equity			
Contributed equity	21	277,289	254,990
Reserves		47,405	48,491
Retained earnings		66,628	66,552
Total shareholders equity		**391,322**	**370,033**

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half-year ended 30 June 2022

Consolidated	Note	Contributed equity $'000	Retained earnings $'000	Share-based payment reserve $'000	Associates OCI reserve $'000	FVTOCI[1] reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance as at 1 January 2021		**154,579**	**57,137**	**27,027**	**11,253**	**(13,139)**	**-**	**236,857**
Profit for the period		-	14,300	-	-	-	-	14,300
Other comprehensive income, net of tax		-	-	-	3,067	7,233	-	10,300
Total comprehensive income		**-**	**14,300**	**-**	**3,067**	**7,233**	**-**	**24,600**
Payment of dividends	8	-	(14,906)	-	-	-	-	(14,906)
Issue of ordinary shares	21	19,151	-	-	-	-	-	19,151
Treasury shares		(15,636)	-	-	-	-	-	(15,636)
Share-based payments		-	-	(864)	-	-	-	(864)
		3,515	**(14,906)**	**(864)**	**-**	**-**	**-**	**(12,255)**
Balance as at 30 June 2021		**158,094**	**56,531**	**26,163**	**14,320**	**(5,906)**	**-**	**249,202**
Balance as at 1 January 2022		**254,990**	**66,552**	**34,353**	**19,815**	**(5,677)**	**-**	**370,033**
Profit for the period		-	20,542	-	-	-	-	20,542
Other comprehensive income, net of tax		-	-	-	307	(1,795)	252	(1,236)
Total comprehensive income		**-**	**20,542**	**-**	**307**	**(1,795)**	**252**	**19,306**
Payment of dividends	8	-	(20,466)	-	-	-	-	(20,466)
Issue of ordinary shares	21	45,131	-	-	-	-	-	45,131
Treasury shares		(22,740)	-	-	-	-	-	(22,740)
Equity transaction costs		(92)	-	-	-	-	-	(92)
Share-based payments		-	-	150	-	-	-	150
		22,299	**(20,466)**	**150**	**-**	**-**	**-**	**1,983**
Balance as at 30 June 2022		**277,289**	**66,628**	**34,503**	**20,122**	**(7,472)**	**252**	**391,322**

1. FVTOCI: Fair value through other comprehensive income

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

Condensed consolidated statement of cash flows

For the half-year ended 30 June 2022

	Note	Half-year ended 30 Jun 2022 Consolidated $'000	Half-year ended 30 Jun 2021 Consolidated $'000
Cash flows from operating activities			
Receipts from customers		257,946	90,678
Payments to suppliers and employees		(251,735)	(82,141)
Interest received		16,720	11,129
Interest paid		(11,329)	(6,509)
Income taxes paid		(12,372)	(13,504)
Net cash used in operating activities		**(770)**	**(347)**
Cash flows from investing activities			
Net receipts from/(payments for) financial investments		7,660	(4,847)
Distributions received from investments		4,618	3,965
Amounts advanced to third parties		(110,466)	(47,301)
Receipts for employee loans		10	9
Amounts received from related parties		-	3
Payments to acquire shares in associates		(2,012)	-
Payments to acquire subsidiaries, net of cash acquired	23	(146,910)	(6,687)
Payments to acquire property, plant and equipment		(5,014)	(381)
Net cash used in investing activities		**(252,114)**	**(55,239)**
Cash flows from financing activities			
Net proceeds from the issue of shares		19,310	-
Purchase of treasury shares		(6,199)	(4,915)
Proceeds from exercise of share options		352	1,483
Cash transferred from/(to) restricted cash accounts		1,575	(4,239)
Payments of lease liabilities		(2,922)	(2,000)
Interest on lease liabilities		(1,667)	(250)
Proceeds from borrowings		139,030	49,154
Dividends paid to shareholders	8	(20,466)	(14,906)
Net cash generated by financing activities		**129,013**	**24,327**
Net decrease in cash and cash equivalents		**(123,871)**	**(31,259)**
Cash and cash equivalents at the beginning of the period		242,861	138,004
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,118	203
Cash and cash equivalents at the end of the period	10	**120,108**	**106,948**

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

Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2022

1 Basis of preparation and significant accounting policies

General information

MA Financial Group Limited (Company) is a listed public company limited by shares, incorporated and domiciled in Australia.

The Half-Year Financial Report was authorised for issue in accordance with a resolution of the Directors of the Company on 25 August 2022.

Statement of compliance

The Half-Year Financial Report is a general purpose interim financial report prepared in accordance with the *Corporations Act 2001* (Cth) and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). The Half-Year Financial Report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The principal accounting policies adopted in the preparation of this Half-Year Financial Report are consistent with those adopted and disclosed in the Group's 2021 Annual Financial Report for the financial year ended 31 December 2021, except for accounting policies which have been adopted or amended during the period (refer to note 1(a)), and for the impact of amendments to Accounting Standards described below. The accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

In accordance with *ASIC Corporations (Rounding in Financials/ Directors' Reports) Instrument 2016/191*, amounts in the Half-Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Unless otherwise stated, amounts in the Half-Year Financial Report are presented in Australian dollars.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting estimates and significant judgements

The preparation of the Half-Year Financial Report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are consistent, unless noted below, with those applied and disclosed in the Group's 2021 Annual Financial Report for the financial year ended 31 December 2021.

During the period, as part of the acquisition of Finsure Holding Pty Ltd and its subsidiaries (Finsure) and MKM NewCo Pty Ltd and its subsidiaries (MKM), the Group also made significant accounting judgements and estimates with respect to the valuation of contract assets and liabilities (note 12), measurement of credit losses (note 15), recognition and valuation of residual goodwill, measurement of intangible assets and acquisition accounting of the acquired subsidiaries (note 23). The measurement of credit losses and the process of identification, recognition, and measurement of intangibles is consistent with the Group accounting policies. The valuation of contract assets and liabilities is a new critical accounting estimate for the Group.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The new and revised Standards and Interpretations effective during the period do not materially affect the Group's accounting policies or any of the amounts recognised in the Half-Year Financial Report.

Notes to the condensed consolidated financial statements (continued)

For the half-year ended 30 June 2022

1 Basis of preparation and significant accounting policies (continued)

Standards and interpretations not yet adopted

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020–1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2023	31 December 2023
AASB 2021–2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	31 December 2023
AASB 2021–5 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023	31 December 2023
AASB 2014–10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025	31 December 2025

Accounting policies adopted or amended during the period

As a result of the Group's acquisition of Finsure and MKM during the period, the Group adopted the following additional accounting policies:

a Revenue recognition

Lending commission income

The Group provides loan origination services and receives upfront origination commission on the settlement of loans originated. Additionally, the lenders normally pay a trailing commission over the life of the loans. Lending commission income is recognised as follows:

Origination commissions

Origination commissions are recognised upon the loans being settled and receipt of commission net of clawbacks.

Trailing commissions

The Group receives trailing commissions from lenders on loans they have settled that were originated by the Group. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. The Group also makes trailing commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding.

On initial recognition, trailing commission revenue and receivables are recognised at the transaction price using the expected value approach as a contract asset under AASB 15 *Revenue from contracts with customers*, being the expected future trailing commission receivables discounted to their net present value. In addition, an associated payable and expense to the relevant brokers are also recognised, initially measured at fair value being the future trailing commission payable to relevant brokers discounted to their net present value. These calculations require the use of assumptions which are determined by management with the assistance of external consultants.

Aggregation service income

The Group offers contracts to brokers based upon their settlement volumes. Brokers with high volume transactions receive 100% distribution of all commissions and are charged a monthly fee in arrears for the aggregation service rather than an origination or trailing commission. A portion of the monthly flat fee is included in the value of the contract asset as a proxy for trailing commissions, while the remainder of the flat fees are recognised over time as the aggregation service is provided.

The Group earns Software as a Service (SaaS) income for subscription to its proprietary loan origination platform, Infynity, and also provides compliance and licensing services to its brokers. The Group charges a fee for both of these services, with revenue recognised over time as the services are provided.

Sponsorship fee income

Sponsorship income is the income generated from sponsorship arrangements with other lenders, supporting the continuous education of the The Group's brokers. The income is brought to account when services relating to the income have been performed over time.

1 Basis of preparation and significant accounting policies (continued)

b Contract assets and liabilities

The Group's trailing commission revenue and receivables, on initial recognition, are recognised initially at transaction price using the expected value method as a contract asset under AASB 15, being the expected future trailing commission receivables discounted to their net present value. In addition, an associated payable and expense to the relevant brokers are also recognised, initially measured at fair value being the future trailing commission payable to relevant brokers discounted to their net present value. These calculations require the use of assumptions which are determined by management.

Subsequent to initial recognition and measurement both the trailing commission asset and trailing commission payable are measured at amortised cost. The carrying amount of the trailing commission asset and trailing commission payable are reassessed at each reporting period, to reflect actual and revised estimated cash flows, by recalculating the carrying amount with reference to the present value of estimated future cash flows at the original effective interest rate. Any resulting adjustment is recognised as income or expense in the profit or loss.

c Intangible assets

Software as a Service (SaaS)

Costs incurred in acquiring and developing software, that is not cloud based (SaaS), that will contribute to the Group's future financial benefits are capitalised as software and are amortised over the estimated useful life on a straight-line basis. Costs capitalised include external direct costs of materials, service, consultants spent on the projects and internal costs of employees directly engaged in delivering the projects. For software in the course of development, amortisation commences once development is complete and the software is in use.

Costs incurred on the maintenance of software is expensed as incurred and recognised in profit or loss.

Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in profit or loss.

Comparatives

Comparatives in the Half-Year Financial Report have been realigned to the current period presentation. For clearer presentation, the Group has realigned/reclassified the revenue and expense categories disclosed in the condensed consolidated statement of profit or loss and other comprehensive income and reclassified cashflow movements in distributions from investments in the condensed consolidated statement of cash flows. There has been no effect on the comparative period results, net assets or equity due to the reclassification.

2 Segment information

AASB 8 *Operating Segments* requires the 'management approach' to disclose information about the Group's reportable segments. The financial information is reported on the same basis as used by senior management and the Board of Directors for evaluating operating segment performance and for deciding how to allocate resources to operating segments. The segment note is prepared on the same basis as the Group's non-IFRS (Underlying) financial measures. Please refer to the Directors' Report for an explanation of why the Directors believe these measures are useful.

The Board of Directors is considered to be the Chief Operating Decision Maker (CODM).

The Group is organised into the following business segments:

- Asset Management
- Lending
- Corporate Advisory and Equities (CA&E)

The Corporate Services segment represents the unallocated costs associated with the central executives and corporate support functions. Items of income and expenses within the Corporate Services segment also include the net result of managing the Group's liquidity and funding requirements.

2.1 Services from which reportable segments derive their revenues

The Asset Management segment incorporates the provision of asset management services and principal co-investment and strategic investments.

The Lending segment includes the provision of loan funding, residential mortgages, mortgage aggregation services and investment in asset-backed credit securities.

The Corporate Advisory and Equities segment provides corporate advice, underwriting and institutional stockbroking services.

The main items of profit or loss and other comprehensive income used by management to assess each business are Underlying revenue, Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) and Underlying profit after tax.

Information regarding these segments is presented in section 2.2. The accounting policies of the reportable segments are the same as the Group's reporting policies, with the exception of adjustments made to the Underlying results

As announced on 9 June 2022, the Group amended the Underlying treatment of mark to market movements of investments by removing any unrealised gains or losses from Underlying revenue. The Underlying results for the half-year ended 30 June 2022 reflect this revised approach with comparatives restated accordingly.

2 Segment information (continued)

2.2 Segment results

Depreciation, amortisation and net interest expense are not disclosed by segment as they are not provided to the CODM and are only reported on a Group basis. Assets and liabilities are not disclosed as they are not provided to the CODM. The following is an analysis of segment performance:

	Asset Management $'000	Lending $'000	CA&E $'000	Corporate Services $'000	Total Underlying segment $'000	Adjustments $'000	Statement of comprehensive income $'000
30 June 2022							
Revenue[1]	89,699	25,204	30,262	987	146,152	7,499	153,651
Expenses	(47,288)	(12,885)	(23,613)	(12,793)	(96,579)	(8,543)	(105,122)
EBITDA[2]	**42,411**	**12,319**	**6,649**	**(11,806)**	**49,573**	**(1,044)**	**48,529**
Depreciation and amortisation					(5,238)	(2,926)	(8,164)
Interest expense[3]					(4,236)	(9,403)	(13,639)
Profit before tax					**40,099**	**(13,373)**	**26,726**
Income tax expense					(12,030)	5,846	(6,184)
Net profit after income tax					**28,069**	**(7,527)**	**20,542**
Other comprehensive income					-	(1,236)	(1,236)
Total comprehensive income					**28,069**	**(8,763)**	**19,306**
30 June 2021							
Revenue[1]	56,656	10,212	27,906	41	94,815	5,935	100,750
Expenses	(32,324)	(3,793)	(21,382)	(7,023)	(64,522)	(4,412)	(68,934)
EBITDA[2]	**24,332**	**6,419**	**6,524**	**(6,982)**	**30,293**	**1,523**	**31,816**
Depreciation and amortisation					(2,202)	(2,224)	(4,426)
Interest expense[3]					(2,654)	(4,042)	(6,696)
Profit before tax					**25,437**	**(4,743)**	**20,694**
Income tax expense					(7,631)	1,237	(6,394)
Net profit after income tax					**17,806**	**(3,506)**	**14,300**
Other comprehensive income					-	10,300	10,300
Total comprehensive income					**17,806**	**6,794**	**24,600**

1. Revenue refers to total income on the condensed consolidated statement of profit or loss and other comprehensive income.
2. Statutory EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Underlying result.
3. Interest expense is referred to as Finance costs in the condensed consolidated statement of profit or loss and other comprehensive income.

2 Segment information (continued)

2.2 Segment results (continued)

A reconciliation of the Underlying segment measures to the statutory measures is as follows:

	Note	Revenue[1] $'000	EBITDA $'000	NPAT $'000	Comprehensive income $'000
Statutory result for the period ended 30 June 2022		**153,651**	**48,529**	**20,542**	**19,306**
Differences in measurement					
Business acquisition adjustments	(a)	-	3,304	6,231	6,231
Net losses on investments	(c)	-	-	-	1,976
Adjustments relating to associates	(d)	7,179	7,179	7,179	6,278
Credit investments	(e)	(640)	(384)	(384)	(384)
Software development adjustments	(f)	-	439	439	439
Differences in classification					
Adjustments relating to Lending Trusts[2]	(g)	(10,063)	(9,494)	-	-
Expense reallocations	(h)	(3,975)	-	-	-
Tax on adjustments		-	-	(5,938)	(5,777)
Total adjustments		**(7,499)**	**1,044**	**7,527**	**8,763**
Underlying results for the period ended 30 June 2022		**146,152**	**49,573**	**28,069**	**28,069**
Statutory result for the period ended 30 June 2021		**100,750**	**31,816**	**14,300**	**24,600**
Differences in measurement					
Business acquisition adjustments	(a)	-	2,100	4,325	4,325
Equity issued to staff	(b)	-	(644)	(644)	(644)
Net gains on investments	(c)	-	-	-	(10,204)
Adjustments relating to associates	(d)	(90)	(90)	(90)	(4,683)
Credit investments	(e)	(66)	1,152	1,152	1,152
Differences in classification					
Adjustments relating to Lending Trusts[2]	(g)	(4,028)	(4,041)	-	-
Expense reallocations	(h)	(1,751)	-	-	-
Tax on adjustments		-	-	(1,237)	3,260
Total adjustments		**(5,935)**	**(1,523)**	**3,506**	**(6,794)**
Underlying results for the period ended 30 June 2021		**94,815**	**30,293**	**17,806**	**17,806**

1. Revenue refers to total income on the condensed consolidated statement of profit or loss and other comprehensive income.
2. Lending Trusts refers to three residential mortgage-backed securitisation trusts, two specialty lending trusts and two credit funds in the Priority Income Fund strategies that the Group manages and consolidates.

2 Segment information (continued)

2.2 Segment results (continued)

Differences in measurement

(a) The acquisition of Armada Funds Management in 2017, RetPro in 2021 and Finsure on 7 February 2022 for cash and shares gives rise to non-cash IFRS expenditure relating to the amortisation of intangible assets of $3.0 million (30 June 2021: $2.3 million) and share-based payment expenses to vendors, who are now employees of the Group, of $2.0 million (30 June 2021: $2.0 million). Furthermore, one-off costs of $1.2 million (30 June 2021: nil) associated with the Group's acquisition of Finsure have been excluded from the Underlying result.

(b) Since IPO in 2017 the Underlying measure included the expensing of the full value of the share-based payment equity awards issued to staff as part of the annual bonus awards in the year of grant as opposed to over the vesting period (up to 5 years) per IFRS. Following the completion of a full vesting cycle, in 2022 this adjustment was removed in order to align to the Statutory treatment.

(c) Following a change in approach announced on 9 June 2022, the Underlying treatment no longer includes unrealised gains and losses on financial investments. Instead, only realised gains/losses on disposal of financial investments will be recognised in Underlying revenue. During the period, unrealised losses on financial investments of $2.2 million have been excluded for the Underlying result (30 June 2021: $10.3 million gain). The adjustment also removes the foreign currency translation gain for the Group's offshore entities of $0.3 million (30 June 2021: nil).

(d) The Underlying treatment records dividends and distributions receivable from associates in Underlying Revenue as opposed to the IFRS treatment of recording the Group's share of accounting profit or loss of an associate. Underlying Revenue also recognises the realised gains/ losses on any disposal of an investment in associate.

(e) The Underlying approach only recognises the ECL provision for all Lending division receivables and specific provisions individually assessed against non-Lending division receivables.

(f) Following a change in IFRS accounting standards, the Underlying treatment capitalises and amortises certain software development costs that would previously have been capitalised prior to the accounting standard change.

Differences in classification

(g) The Underlying treatment records the net distributions received from the Lending Trusts in Underlying revenue as opposed to the IFRS treatment of consolidating the Lending Trusts into the Group's results.

(h) The Underlying adjustment reclassifies expenses that are fully recoverable against revenue to reflect the net nil impact to the Group. These costs include RetPro direct site management expenses and Finsure sponsorship expenses.

	Half-year ended 30 Jun 2022 Consolidated $'000	Half-year ended 30 Jun 2021 Consolidated $'000

3 Fee and commission income

Fee and commission income is accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

	Half-year ended 30 Jun 2022 Consolidated $'000	Half-year ended 30 Jun 2021 Consolidated $'000
Timing of revenue recognition		
At a point in time		
Advisory success fees	31,575	23,181
Lending upfront commission income	95,655	-
Equities commission and brokerage income	3,171	3,560
Facilitation and transaction fees	16,098	11,234
Total revenue earned at a point in time	**146,499**	**37,975**
Over time		
Advisory retainer fees	2,889	1,703
Performance fees	30,493	12,565
Distribution fees	3,512	2,885
Lending trail commission income	114,106	-
Service fees	3,618	-
Sponsorship fee income	1,087	-
Management fees	41,533	33,380
Total revenue earned over time	**197,238**	**50,533**
Total fee and commission income	**343,737**	**88,508**
Fee and commission income by segment		
At a point in time		
Asset Management	16,098	11,234
Lending	95,655	-
Corporate Advisory and Equities	34,746	26,741
Total revenue earned at a point in time	**146,499**	**37,975**
Over time		
Asset Management	75,538	48,830
Lending	118,811	-
Corporate Advisory and Equities	2,889	1,703
Total revenue earned over time	**197,238**	**50,533**
Total fee and commission income	**343,737**	**88,508**

4 Fee and commission expense

	Half-year ended 30 Jun 2022 Consolidated $'000	Half-year ended 30 Jun 2021 Consolidated $'000
Lending fees and commission expense	(201,210)	-
Other fees and commission expense	(16,390)	(9,000)
Total fee and commission expense	**(217,600)**	**(9,000)**

	Half-year ended 30 Jun 2022 Consolidated $'000	Half-year ended 30 Jun 2021 Consolidated $'000
5 Interest income		
Interest income on cash and bank balances	114	46
Interest income on loans receivable – effective interest rate method	21,549	14,366
Interest income on loans receivable held at FVTPL	156	260
Interest income on leases	22	-
Total interest income	**21,841**	**14,672**
6 Investment income		
Dividends and distributions from investments	447	558
Net gains on financial instruments	3,592	1,270
Total investment income	**4,039**	**1,828**
7 Other income		
Other income	25	19
Outgoings recovery	3,429	1,751
Net foreign exchange gains	866	173
Total other income	**4,320**	**1,943**

8 Dividends

During the period, MA Financial Group Limited made the following fully franked dividend payments:

Fully Paid Ordinary shares		
2020 dividend (paid on 3 March 2021)	-	14,906
2021 dividend (paid on 11 March 2022)	20,466	-
Total dividends	**20,466**	**14,906**

Dividends not recognised at the end of the period

Since the end of the period, the Directors have resolved to pay a fully franked dividend of 6 cents per share, payable on 21 September 2022. The aggregate amount of the proposed dividend expected to be paid from retained profits, but not recognised as a liability at the end of the period is $10.6 million. This amount has been estimated based on the number of shares eligible to participate as at 30 June 2022.

Notes to the condensed consolidated financial statements (continued)

For the half-year ended 30 June 2022

9 Earnings per share

	Half-year ended 30 Jun 2022 Consolidated cents	Half-year ended 30 Jun 2021 Consolidated cents
Basic earnings per share	12.9	10.0
Diluted earnings per share	12.3	9.6

The earnings used in the calculation of basic and diluted earnings per share is the Group's profit after tax.

	Half-year ended 30 Jun 2022	Half-year ended 30 Jun 2021
Weighted average number of ordinary shares (net of treasury shares) used in calculating basic earnings per share	159,786,780	143,353,925
Potential equity shares		
Share options	3,700,363	2,408,118
Share rights	240,644	1,050,405
Restricted shares	2,726,927	2,524,156
Salary sacrifice shares	39,817	37,493
Total potential equity shares	**6,707,751**	**6,020,172**
Total weighted average number of ordinary shares (net of treasury shares) and potential equity shares used in calculating diluted earnings per share	166,494,531	149,374,097

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000

10 Cash and cash equivalents

Cash and cash equivalents at the end of the period are reflected in the related items in the statement of financial position as follows:

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Cash and bank balances	120,108	242,861
Total cash and cash equivalents	**120,108**	**242,861**

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
11 Investments in associates and joint ventures		
BE ES I LLC	20,676	19,401
BE OLD I LLC	5,479	2,068
BE VF I LLC	2,183	-
Infinite Care Group	-	-
MA Aged Care Fund	-	-
MA Kincare Fund	7,587	7,594
MA Senior Secured Credit Fund II	2,165	2,068
MKM	-	4,923
Redcape Hotel Group	74,117	84,339
Total investments in associates and joint ventures	**112,207**	**120,393**

Impairment of investments in associates and joint ventures

In line with the Group's accounting policies, after application of the equity method of accounting, the Group's investments in associates and joint ventures were assessed for impairment at the reporting date. The Group performs an assessment to determine whether there is any objective evidence that its investments in associates and joint ventures are impaired. The main indicators of impairment are significant financial difficulty of the investee, significant changes in the technological, market, economic or legal environment and a significant or prolonged decline in fair value below cost. No impairment was recognised for the period ended 30 June 2022 (period ended 30 June 2021: nil).

Further information on the Group's material investments, Redcape Hotel Group and BE ES I LLC, are provided in note 11.2.

11.1 Details of ownership interest

			Proportion of ownership interest and voting power held by the Group	
Associates	**Place of incorporation**	**Principal activity**	**30 Jun 2022**	**31 Dec 2021**
BE ES I LLC	United States of America	Specialty finance	49.6%	49.7%
BE OLD I LLC	United States of America	Specialty finance	50.0%	50.0%
BE VF I LLC	United States of America	Specialty finance	50.0%	-
Infinite Care Group[1]	Australia	Aged care facility operator	5.2%	5.2%
MA Aged Care Fund[1]	Australia	Investor in aged care facility operator	10.1%	10.1%
MA Kincare Fund	Australia	Credit funds management	25.5%	25.5%
MA Senior Secured Credit Fund II	Australia	Credit funds management	13.0%	13.0%
MKM[2]	Australia	Residential mortgage lending	-	47.5%
Redcape Hotel Group	Australia	Owner and operator of hotels	13.8%	14.9%

1. The Group's investment in Infinite Care Group and MA Aged Care Fund are carried at nil at 30 June 2022 (31 Dec 2021: nil).
2. During the period, the Group acquired the remaining 52.5% of MKM resulting in the derecognition of the investment as an associate and the recognition of the investment as a subsidiary.

11 Investments in associates and joint ventures (continued)

11.2 Details of investments

Details of investment in Redcape Hotel Group

At 30 June 2022, the Group has a 13.8% direct equity investment in Redcape Hotel Group (Redcape) and funds managed by the Group own a further 34.8% of Redcape. During the period, the Group sold $5 million of units in Redcape. The Group earns trustee, asset manager and hotel operator fees from Redcape, as well as investment returns on its direct investment. The Group is considered to have significant influence over Redcape as a result of participating in the financial and operating policy decisions of Redcape through its roles as responsible entity, asset manager and hotel operator.

Redcape owns or operates 36 hotels in New South Wales and Queensland. Redcape assessed their assets for impairment at 30 June 2022, including considering the impact of COVID-19 on their operations. The Directors are satisfied with the independent audit report and procedures undertaken by Redcape management to prepare the audited financial statements for the year ended 30 June 2022, including that the impairment testing performed by Redcape is reasonable. As a result no additional impairment is required for the Group's investment in Redcape. Redcape has recognised an increase in its net assets at 30 June 2022, of which the Group's share of the increase has been equity accounted.

Details of investment in BE ES I LLC

At 30 June 2022, the Group has a 49.6% of BE ES I LLC. BE ES I LLC is a special purpose vehicle established for the purposes of facilitating credit investment in North America. The Group is considered to have significant influence over BE ES I LLC as a result of its participation in the financial and operating policy decisions.

12 Contract assets and liabilities

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Contract assets		
Net present value of future trail commission receivable	550,054	-
Contract liabilities		
Net present value of future trail commission payable	523,271	-

The Group receives trailing commissions and mortgage management administration fees from lenders on loans that have settled and were originated by the Group. The trailing commissions and mortgage management administration fees are received over the life of the loans based on the individual loan balance outstanding. The Group also makes trailing commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding.

The carrying amount of the trailing commission asset and trailing commission payable are reassessed at each reporting period, to reflect actual and revised estimated cash flows, at the original effective interest rate. Any resulting adjustment is recognised as income or expense in the profit or loss.

The key assumptions underlying the fair value calculations of trailing commission receivable and the corresponding payable to brokers at the reporting date is summarised in the following table:

	30 Jun 2022 Consolidated $'000
Discount rate per annum	4.75%
Run-off rates[1]	Between 12.0% and 33.0%

[1] The run-off rates refer to the expected loan book attrition rates. Run-off rates are then stratified into time-bands, by managed loan portfolio, and applied to each loan according to the seasoning of that particular loan.

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
13 Receivables		
Accounts receivable	7,217	9,106
Fees receivable	74,373	19,761
Interest receivable	1,065	780
Sundry debtors	1,874	2,222
Receivables from associates	3,020	5,590
Loss allowance on receivables	(886)	(954)
Total receivables	**86,663**	**36,505**
14 Loans receivable		
Current		
Commercial loans and other lending[1]	194,203	157,277
Loans to associates	6,031	12,393
Loss allowance	(740)	(514)
Total loans receivable – current	**199,494**	**169,156**
Non-current		
Commercial loans and other lending[1]	224,966	170,070
Residential mortgages[2]	227,306	-
Loans to associates	-	4,318
Loans to employees	812	823
Loss allowance	(3,111)	(1,918)
Total loans receivable – non-current	**449,973**	**173,293**
Total loans receivable	**649,467**	**342,449**

1. Commercial loans are provided to Australian corporates. The loans have terms of between three months and five years and are either fully or partially secured against the assets of the borrowers.
2. Residential mortgages were acquired as part of Group's acquisition of MKM during the period.

14 Loans receivable (continued)

14.1 Loans receivable by industry

Consolidated	Loans receivable $'000	Loss allowance $'000	Total $'000
30 June 2022			
Construction and real estate	3,608	(8)	3,600
Financial services	282,265	(969)	281,296
Professional services	133,296	(1,399)	131,896
Residential mortgages	227,306	(1,073)	226,234
Other	6,843	(402)	6,441
Total	**653,318**	**(3,851)**	**649,467**
31 December 2021			
Child care	7,030	(232)	6,798
Construction and real estate	8,202	(326)	7,876
Financial services	218,559	(939)	217,620
Professional services	107,764	(747)	107,017
Other	3,326	(188)	3,138
Total	**344,881**	**(2,432)**	**342,449**

15 Loss allowance

For receivables and loan receivables, the Group bears the risk that the future circumstances of customers might change, including their ability to repay their loans in part or in full. While the Group's credit lending policies and procedures aim to minimise this risk, there will always be instances where the Group will not receive the full amount owed and hence a provision for impaired loans will be necessary. The calculation of both the collectively and individually assessed expected loss allowance contains various factors that require judgement and estimates by management.

The Group periodically assesses exposures to determine whether the credit risk of a receivable or loan receivable has increased significantly since initial recognition. The assessment, which requires judgement, considers both quantitative and qualitative information that is based on the Group's historical experience and informed credit assessment including forward-looking information, such as economic forecast and outlook, GDP growth, unemployment rates and interest rates.

During the period the Group undertook a review of its receivables, loans receivable portfolio and expected credit losses. The review considered the macroeconomic outlook, counterparty credit quality, the type of collateral held and exposure at default as at the reporting date. No significant changes were made to the model inputs and forward-looking information from the previous reporting period and the accounting policies of the Group remained consistent with prior periods. The Group's loss allowance provisions are a determination of probabilities of default and a determination of losses that may be incurred should a default occur.

15 Loss allowance (continued)

The table below presents the gross exposure and related ECL allowance for assets subject to impairment requirements of AASB 9 *Financial instruments.*

Consolidated	Gross exposure for asset $'000	Loss allowance $'000	Total $'000
30 June 2022			
Receivables	87,549	(886)	86,663
Loans to associates	6,031	(365)	5,666
Loans receivable	647,287	(3,486)	643,801
Total	**740,867**	**(4,737)**	**736,130**
31 December 2021			
Receivables	37,459	(954)	36,505
Loans to associates	16,711	(458)	16,253
Loans receivable	328,170	(1,974)	326,196
Total	**382,340**	**(3,386)**	**378,954**

15.1 Credit loss allowance

	Receivables $'000	Loans receivable $'000	Loans to associates $'000	Total $'000
Balance as at 1 January 2021	**(963)**	**(1,029)**	**(275)**	**(2,267)**
Credit loss allowance recognised in the statement of profit or loss	204	(1,187)	(236)	(1,219)
Loss allowance on receivables acquired in business combination during the period	(130)	-	-	(130)
Balance as at 30 June 2021	**(889)**	**(2,216)**	**(511)**	**(3,616)**
Credit loss allowance recognised in the statement of profit or loss	(168)	242	53	127
Amounts written off, previously provided for	103	-	-	103
Balance as at 31 December 2021	**(954)**	**(1,974)**	**(458)**	**(3,386)**
Credit loss allowance recognised in the statement of profit or loss	187	(536)	93	(256)
Loss allowance on loans receivables acquired in business combination during the period	-	(1,000)	-	(1,000)
Reclassifications and other movements	(119)	24	-	(95)
Balance as at 30 June 2022	**(886)**	**(3,486)**	**(365)**	**(4,737)**

15 Loss allowance (continued)

15.2 Movement in loss allowance

		Lifetime ECL		
	Stage I 12 month ECL $'000	Stage II Not credit $'000	Stage III Credit impaired $'000	Total ECL Consolidated $'000
Balance as at 1 January 2021	**(2,267)**	**-**	**-**	**(2,267)**
Net credit impairment charges	(1,219)	-	-	(1,219)
Additions through business combinations	(130)	-	-	(130)
Balance as at 30 June 2021	**(3,616)**	**-**	**-**	**(3,616)**
Net credit impairment charges	127	-	-	127
Amounts written-off	103	-	-	103
Balance as at 31 December 2021	**(3,386)**	**-**	**-**	**(3,386)**
Net credit impairment charges	(256)	-	-	(256)
Additions through business combinations (note 23)	(700)	-	(300)	(1,000)
Reclassifications and other movements	(95)	-	-	(95)
Balance as at 30 June 2022	**(4,437)**	**-**	**(300)**	**(4,737)**

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000

16 Other financial assets

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Financial assets – current		
Financial assets held at FVTPL (equity securities)	605	605
Financial assets held at FVTOCI (equity securities)	11,600	3,200
Consolidated managed fund investments	95,605	-
Total financial assets – current	**107,810**	**3,805**
Financial assets – non-current		
Financial assets held at FVTPL (non-equity securities)	19,318	23,992
Financial assets held at FVTOCI (equity securities)	10,132	42,042
Total financial assets – non-current	**29,450**	**66,034**
Total financial assets	**137,260**	**69,839**

17 Intangible assets

	Goodwill $'000	Customer relationships $'000	Brand names $'000	Management rights and agreements $'000	Software and trademarks $'000	Total $'000
30 June 2022						
Cost						
Balance at 1 January 2022	**14,010**	**-**	**-**	**22,939**	**4,182**	**41,131**
Additions through business combinations (note 23)	113,650	27,000	17,000	-	2,300	159,950
Disposals	-	-	-	-	(6)	(6)
Balance at 30 June 2022	**127,660**	**27,000**	**17,000**	**22,939**	**6,476**	**201,075**
Amortisation and impairment losses						
Balance at 1 January 2022	**-**	**-**	**-**	**(11,318)**	**(1,918)**	**(13,236)**
Amortisation expense for the period	-	(1,548)	-	(1,378)	(613)	(3,539)
Disposals	-	-	-	-	6	6
Balance at 30 June 2022	**-**	**(1,548)**	**-**	**(12,696)**	**(2,525)**	**(16,769)**
Carrying amount at 30 June 2022	**127,660**	**25,452**	**17,000**	**10,243**	**3,951**	**184,306**
31 December 2021						
Cost						
Balance at 1 January 2021	**9,827**	**-**	**-**	**16,263**	**3,595**	**29,685**
Additions	-	-	-	-	587	587
Additions through business combinations	4,183	-	-	6,676	-	10,859
Balance at 31 December 2021	**14,010**	-	-	**22,939**	**4,182**	**41,131**
Amortisation and impairment losses						
Balance at 1 January 2021	**-**	**-**	**-**	**(7,077)**	**(989)**	**(8,066)**
Amortisation expense for year	-	-	-	(4,241)	(929)	(5,170)
Balance at 31 December 2021	**-**	**-**	**-**	**(11,318)**	**(1,918)**	**(13,236)**
Carrying amount at 31 December 2021	**14,010**	**-**	**-**	**11,621**	**2,264**	**27,895**

Goodwill with indefinite lives relate to the Group's integrated acquisitions. Goodwill is not amortised but reviewed for impairment at least annually.

As part of the acquisition of Finsure on 7 February 2022 and MKM on 1 March 2022, goodwill of $113.7 million, customer relationships of $27.0 million, brand names of $17.0 million and software of $2.3 million was recognised.

17 Intangible assets (continued)

Impairment assessment of goodwill

At 30 June 2022, the Group has assessed goodwill for impairment which included consideration of the impact of COVID-19. No indicators of impairment were identified for the goodwill acquired during the period. For goodwill brought forward at the beginning of the period a value-in-use model of the cash-generating unit (CGU), to which goodwill has been allocated, was used that incorporated inputs for pre-tax cash flow projections based on financial budgets over five years, a terminal growth rate of 2.5% (31 Dec 2021: 2.5%) and a discount rates ranging from 11% to 12.5% (31 Dec 2021: 11% to 12.5%). The values assigned to the inputs represent the Group's assessment of future trends and have been based on historical data from both internal and external sources and include an assessment of the estimated future cash flows the Group expects to derive from the asset and the time value of money, represented by a market risk-free rate of interest. In addition the assessment considers of other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

No impairment charge was recognised in relation to goodwill during the period as the recoverable amount was determined to be in excess of the carrying amount. A sensitivity analysis was performed on the value-in-use calculation, stress testing the model inputs for reasonably possible changes in assumptions, such as discount rates and pre-tax cash flows, to test for impairment and no additional indicators of impairment were identified.

Included in the deferred tax liability of the Group as at 30 June 2022 is an amount of $13.9 million (31 Dec 2021: $1.8 million) relating to the intangible assets recognised from the acquisition of subsidiaries.

Amortisation of intangible assets

The amortisation of the aggregate value of the intangible assets over their useful lives is based on the forecast profile of the profit generated by the management rights, and is reassessed at the end of each reporting period. Customer relationships and property management agreements are amortised over the expected life of the contracts. Software and trademarks are amortised over the estimated useful life, usually a period between three and ten years. Brand names have an indefinite useful life.

Impairment assessment of intangible assets

At 30 June 2022, the Group has assessed the intangible assets for impairment, excluding assets acquired during the period, which included consideration of the impact of COVID-19. A value-in-use model was used that incorporated inputs for post-tax cash flow projections based on financial budgets over five years, a terminal growth rate of 2.5% (31 Dec 2021: 2.5%) and a discount rate of 12.5% (31 Dec 2021: 12.5%). The values assigned to the inputs represent the Group's assessment of future trends and have been based on historical data from both internal and external sources and include an assessment of the likely lives of the management rights, expectations about variations to management fee rates and amount and timing of transaction fees. In addition, the assessment includes consideration of expected changes to operating costs and discount rates that reflect the relative security of the cashflows and the market pricing for similar management rights.

No impairment charge was recognised in relation to intangible assets during the period as the recoverable amount was determined to be in excess of the carrying amount. A sensitivity analysis was performed on the value-in-use calculation, stress testing the model inputs for reasonably possible changes in assumptions, such as discount rates and pre-tax cash flows, to test for impairment and reasonably possible changes in assumptions indicated an impairment.

There were no significant impairment indicators for software and trademarks at 30 June 2022.

18 Right-of-use assets

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Right-of-use assets – at cost	71,118	17,287
Less accumulated depreciation	(5,055)	(7,413)
Total right-of-use assets	**66,063**	**9,874**
Balance at the beginning of the period	**9,874**	**5,338**
Additions	61,131	7,341
Additions through business combinations (note 23)	990	-
Changes in lease term	(2,172)	-
Depreciation expense	(3,760)	(2,805)
Balance at the end of the period	**66,063**	**9,874**

A commercial lease commenced during the period for the rental of office premises in Sydney. The lease term is 10 years with renewal terms included in the contract. Renewal is at the specific option of the Group.

19 Borrowings

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Current		
Unsecured notes[1]	25,000	25,000
Unsecured notes – limited recourse	30,030	30,030
Total borrowings – current	**55,030**	**55,030**
Non-current		
Unsecured notes[1]	40,000	40,000
Unsecured notes – limited recourse	47,000	25,000
Mortgage trust notes[2]	214,367	-
Fund preferred units	386,052	286,290
Total borrowings – non-current	**687,419**	**351,290**
Total borrowings	**742,449**	**406,320**

During the period, the Group entered a $40 million working capital facility with a major domestic bank. At 30 June 2022, the undrawn facility amount was $40 million.

1. Except for the obligation to pay periodic interest and repay the principal, the terms of the unsecured notes, including the limited recourse notes, do not include any material undertakings or obligations which, if not complied with, would result in an acceleration of the amount owing.
2. Mortgage trust notes were acquired as part of the Group's acquisition of MKM during the period. The notes are collaterised by residential mortgages and cash residing in the warehouse trust facilities.

19 Borrowings (continued)

(a) Unsecured notes

	MA Bond II	MA Bond IV
Classification	Current	Non-current
Issue	2018	2020
Maturity date	Sep 2022	Sep 2024
Amount ($m)	25.0	40.0
Interest rate per annum	5.75%	5.85%
Issue costs ($'000)	6.5	9.0

(b) Unsecured notes – limited recourse

	MACI Bond	MACPI Bond
Classification	Current	Non-current
Issue	2019	2021
Maturity date	May 2024	Dec 2027
Amount ($m)	30.0	47.0
Interest rate per annum	Variable	Variable

The limited recourse notes have been designed and issued principally for investors under the Significant Investor Visa (SIV) programme. The notes constitute unsecured, unsubordinated obligations of issuing special purpose Group entities (issuing entities). The issuing entities invest the proceeds of the note issuances in a diversified portfolio of financial assets. The notes have sole recourse to the assets of the relevant issuing entities and are not guaranteed by the Company.

MACI Bond

The MACI Bond notes have a five-year maturity, however it can be redeemed at the option of the note holders subject to a minimum 12 month holding period following issue. This redemption feature was designed to provide for the individual requirements of the SIV investors to align with the timing of when the SIV investors receive their permanent residency status. The interest rate is calculated at a margin of 4.35% over the RBA cash rate at the time of issuance and resets in February and August of each year. No redemptions of MACI Bonds occurred during the period (year ended 31 Dec 2021: nil).

The MACI Bond issuing entity has a broad investment mandate and as such the Group includes these notes as borrowings in its Operating balance sheet.

MACPI Bond

The MACPI Bond notes have a six-year maturity with the interest rate calculated at a margin of 4.00% over the RBA cash rate at the time of issuance and resets in February and August of each year. An additional $22.0 million was raised during the period (year ended 31 Dec 2021: $25 million).

The MACPI Bond facilitates investments for note investors with assets ringfenced for the benefit of those investors. As such, the Group does not treat these notes as borrowings in its Operating balance sheet.

19 Borrowings (continued)

(c) Fund preferred units

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
MA Priority Income Fund	365,356	279,828
MA USD Priority Income Fund	20,696	6,462
Total fund preferred units	**386,052**	**286,290**

MA Priority Income Fund (PIF)

The Group manages the PIF which provides investors with exposure to a diversified portfolio of credit investments via an investment in Class A Units (fund preferred units) in the MA Master Credit Trust (Master Credit Trust). As a 10% co-investment, the Group holds Class B units in the Master Credit Trust. The Master Credit Trust is a consolidated entity of the Group.

The fund preferred units held by PIF receive a preferential distribution from the realised profit of the Master Credit Trust, up to a maximum equal to the RBA cash rate plus 4.00%. The Class B units receive any excess distributable profits after paying the preferential distribution on the fund preferred units and any fund expenses. The Class B units further provide a maximum 10% "first loss" capital buffer which affords the fund preferred units preferential treatment on distribution and wind-up of the Master Credit Trust. As such the Group's maximum economic exposure is limited to the value of the Class B units which at 30 June 2022 amounted to $41.2 million (31 Dec 2021: $28.0 million).

Redemptions of the fund preferred units are at the discretion of the Master Credit Trust Trustee and require the consent of the Group. Therefore the units are treated as non-current liabilities as the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MA USD Priority Income Fund (USD PIF)

The Group manages the USD PIF which provides investors with exposure to specialty finance and structured credit opportunities primarily in the United States via an investment in Class A Units (fund preferred units) in the MA USD Master Credit Trust. As a co-investment, the Group holds Class B units in the MA USD Master Credit Trust. The MA USD Master Credit Trust is a consolidated entity of the Group.

The fund preferred units held by USD PIF receive a preferential distribution from the realised profit of the USD Master Credit Trust, up to a maximum equal to the Secured Overnight Financing Rate (SOFR) plus 3.50%. The Class B units receive any excess distributable profits after paying the preferential distribution on the fund preferred units and any fund expenses. The Class B units further provide a maximum 10% "first loss" capital buffer until a USD Master Credit Trust fund size of US$50 million, with 5% for each Class A investor dollar thereafter. This affords the fund preferred units preferential treatment on distribution and wind-up of the USD Master Credit Trust. As such the Group's maximum economic exposure is limited to the value of the Class B units which at 30 June 2022 amounted to $3.3 million (31 Dec 2021: $2.0 million).

Redemptions of the fund preferred units are at the discretion of the USD Master Credit Trust Trustee and require the consent of the Group. Therefore the units are treated as non-current liabilities as the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

(d) Mortgage trust notes

MKM originates loans to customers across Australia which are funded via mortgage trust notes in warehouse facilities. The security for advances under these facilities are the loans, advances and cash residing in the warehouse trusts. If the warehouse facilities are not renewed or should there be a default under the existing terms and conditions, the warehouse facility funders will not have a right of recourse against the Group.

As at 30 June 2022, the unutilised warehouse facility for all notes is $173.1 million.

20 Financial instruments

Fair value of financial assets and financial liabilities

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

In addition, for financial reporting purposes, fair value measurements are 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.

Valuation processes

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation function that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation function regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the Group's Audit and Risk Committee.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table summarises the levels of the fair value hierarchy and provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

	Financial instruments carried at						
	FVTPL $'000	FVTOCI $'000	Total $'000	Level 1 (a)	Level 2 (b)	Level 3 (c)	Total
30 June 2022							
Loans receivable measured at FVTPL	5,741	-	5,741	-	-	5,741	5,741
Non-equity securities	19,318	-	19,318	-	297	19,021	19,318
Equity securities	605	21,732	22,337	443	21,894	-	22,337
Consolidated managed fund investments	-	95,605	95,605	-	95,605	-	95,605
Financial assets measured at fair value	**25,664**	**117,337**	**143,001**	**443**	**117,796**	**24,762**	**143,001**
31 December 2021							
Loans receivable measured at FVTPL	5,482	-	5,482	-	-	5,482	5,482
Non-equity securities	23,992	-	23,992	-	315	23,677	23,992
Equity securities	605	45,242	45,847	1,004	44,843	-	45,847
Financial assets measured at fair value	**30,079**	**45,242**	**75,321**	**1,004**	**45,158**	**29,159**	**75,321**

The carrying amount of the Group's financial assets (cash and cash equivalents, restricted cash, trade receivables, loans receivables at amortised cost, receivables and contract assets) and financial liabilities (unsecured notes, fund preferred units, trade payables and contract liabilities) is assumed to approximate their fair value at the current and prior reporting date and are not presented in the table above.

20 Financial instruments (continued)

The Group reviewed its valuation techniques and key inputs for its Level 2 and Level 3 assets during the period, including a consideration of the impact of COVID-19 on the estimated fair values. The review considered the most recent independent valuations, quoted unit prices of recent equity transactions, expected duration the assets are likely to be held for and the macroeconomic outlook for the industries each asset operates in. As a result of the review, no significant change in the fair values of the assets was identified and the Group considers the fair values adopted to be appropriate at the end of the period.

Valuation techniques and key inputs

(a) Quoted bid prices in an active market.

(b) Inputs other than quoted prices, that are observable, such as unit prices or based on recent transactions.

(c) Short-term held assets or valued using a discounted cash flow valuation technique with inputs that are not based on observable market data (unobservable inputs) but are based on assumptions by reference to historical company and industry experience. Discount rate inputs range between 6.2% – 14.5%.

Reconciliation of balances in Level 3 of the fair value hierarchy

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies. The following table summarises the movements in Level 3 of the fair value hierarchy for the financial instruments measured at fair value by the Group:

	Loans receivable $'000	Non-equity securities $'000	Total $'000
Balance as at 1 January 2021	**10,752**	**-**	**10,752**
Drawdowns and additions	1,495	23,677	25,172
Disposals and repayments	(6,689)	-	(6,689)
Fair value movements recognised in profit or loss	(76)	-	(76)
Balance as at 31 December 2021	**5,482**	**23,677**	**29,159**
Drawdowns and additions	1,531	-	1,531
Disposals and repayments	(1,272)	(4,719)	(5,991)
Fair value movements recognised in profit or loss	-	63	63
Balance as at 30 June 2022	**5,741**	**19,021**	**24,762**

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets, total liabilities or total equity.

21 Contributed equity

	30 Jun 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Ordinary share capital	356,218	311,179
Treasury shares	(78,929)	(56,189)
Total contributed equity	**277,289**	**254,990**

The Company had authorised share capital at 30 June 2022 amounting to 175,509,487 ordinary shares (31 Dec 2021: 169,591,372). Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

21 Contributed equity (continued)

Shares purchased on-market for the purpose of an employee incentive scheme

During the period, the Group purchased 670,801 shares on-market (year ended 31 Dec 2021: 577,006 shares) and 229,199 shares were purchased via off-market transfer from its employees during the staff trading window (year ended 31 Dec 2021: 512,858 shares) in order to meet the Group's shared based payments award requirements. The average price of all share purchases during the period was $6.89 (year ended 31 Dec 2021: $4.51).

Shares issued for the Long Term Incentive Plan

During the period, the Company issued 2,668,356 (year ended 31 Dec 2021: 4,285,000) fully paid ordinary shares respectively in order for eligible employees of the Group to acquire loan funded shares in the Company as part of the Long Term Incentive (LTI) plan (previously known as the Loan Funded Share Plan). The average issue price of the shares was $7.28 (year ended 31 Dec 2021: $4.38). The purchase price of the shares acquired by eligible employees under the LTI was fully funded by a limited recourse loan provided by the Company. The shares are subject to vesting conditions, including performance conditions and continuous employment, and carry the same rights as other fully paid ordinary shares.

Share Options

The following table details the options that eligible employees of the Group exercised during the period.

Number of options at the beginning of the period	Acquired by	Exercise price of option	Options forfeited during the period	Options exercised during the period	Number of options at 30 June 2022
72,749	Employees	$3.00	-	72,749	-
1,151,308	Employees	$3.15	-	569,362	581,946
1,151,334	Employees	$3.35	16,668	-	1,134,666
2,375,391			**16,668**	**642,111**	**1,716,612**

22 Related parties

Remuneration arrangements of key management personnel (KMP) are disclosed in the 2021 Annual Financial Report. Annual bonuses accrued in December 2021 for KMP consisted of cash and deferred equity. The cash component of the annual bonus was fully paid to KMP in March 2022. The remaining deferred equity component of the bonus was granted to KMP as restricted shares in March 2022 and is subject to vesting conditions. During the period the Company issued 1,337,557 fully paid ordinary shares of the Company to KMP as part of the LTI plan. Non-recourse loans provided under the LTI plan represents a transaction with a KMP that is an in-substance option and not considered a loan to the KMP.

23 Acquisitions and disposals of subsidiaries

Business acquisitions

On 7 February 2022, the Group acquired 100% of the issued share capital of Finsure for a consideration of $152.2 million, obtaining control of Finsure. Finsure is a leading Australian mortgage aggregator.

The Group acquired 47.5% of MKM in October 2020. The Group acquired the remaining 52.5% interest of MKM on 1 March 2022 for a further cash consideration of $11.3 million, obtaining control of MKM.

Finsure and MKM qualify as businesses as defined in AASB 3 *Business Combinations*.

The initial accounting for the acquisition of Finsure and MKM have only been provisionally determined at the end of the reporting period. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Group receives all the information possible to determine fair value.

23 Acquisitions and disposals of subsidiaries (continued)

Business acquisitions (continued)

The table below represents the aggregated details of the businesses acquired during the period. The purchase price allocation for the current period's business acquisitions is provisional as at 30 June 2022.

	Finsure $'000	MKM $'000	Total $'000
Fair value of net assets acquired			
Cash and cash equivalents	8,222	8,442	16,664
Receivables	24,788	237	25,025
Loans receivable	-	198,294	198,294
Contract assets	432,553	-	432,553
Fixed assets	126	-	126
Right-of-use assets	990	-	990
Identifiable intangible assets	46,300	-	46,300
Trade and other payables	(30,079)	(1,725)	(31,804)
Borrowings	-	(197,098)	(197,098)
Contract liabilities	(411,965)	-	(411,965)
Income tax receivable	-	340	340
Provisions	(903)	(2,351)	(3,254)
Deferred tax assets/(liabilities)	(17,984)	1,126	(16,858)
Total fair value of net assets acquired	**52,048**	**7,265**	**59,313**
Consideration			
Cash	152,225	11,349	163,574
Settlement of loans	-	4,818	4,818
Investment in associate	-	4,571	4,571
Total consideration transferred	**152,225**	**20,738**	**172,963**
Goodwill recognised on acquisition	**100,177**	**13,473**	**113,650**
Net cash outflow arising on acquisition			
Cash consideration	152,225	11,349	163,574
Less: cash and cash equivalent balances acquired	(8,222)	(8,442)	(16,664)
Total net cash outflow arising on acquisition	**144,003**	**2,907**	**146,910**

23 Acquisitions and disposals of subsidiaries (continued)

Business acquisitions (continued)

Goodwill

The goodwill of $113.7 million arising from the acquisition consists of:

- the experience and employment of key management; and
- assembled workforce of existing employees.

None of the goodwill is expected to be deductible for income tax purposes.

Acquisition related costs

Business acquisition costs of $3.0 million comprising legal fees and due diligence costs were included in the Group's consolidated statement of profit or loss and other comprehensive income (30 June 2022: $1.2 million and 31 December 2021: $1.8 million).

Contingent consideration arrangement

The contingent consideration to be transferred by the Group is recognised at the acquisition-date fair value. There is no contingent consideration in the acquisition of Finsure and MKM.

Contribution to the Group's results

Finsure contributed $13.6 million of revenue and $7.3 million to the Group's profit before tax for the period between the date of acquisition and the reporting date.

MKM contributed $3.6 million of revenue and $0.2 million loss to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of Finsure and MKM had been completed on the first day of the period, Group revenue contribution for the half-year ended 30 June 2022 would have been $16.3 million and $5.3 million respectively, and Group profit before tax contribution would have been $8.8 million profit and $1.1 million loss respectively. The Directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group for the half-year ended 30 June 2022 and to provide a reference point for comparison in future half-years.

Consolidated managed fund investments

The Group regularly provides seed and growth capital to funds managed by the Group. At each reporting period investments in funds managed by the Group are assessed for control. Determining whether the Group has control over managed fund investments requires the use of judgement and is an assessment of the Group's power over the activities of the funds and exposure to significant variability in returns from the funds. Managed fund investments where such interests are interests in controlled entities are consolidated by the Group. Where it is determined that control does not exist, the Group's investments are recognised as other financial assets in the consolidated statement of financial position.

24 Commitments

At 30 June 2022, the Group had undrawn loan commitments of $86.2 million (31 Dec 2021: $104.5 million). Subsequent to 30 June 2022, $28.2 million of this commitment was either cancelled or drawn upon.

At 30 June 2022, the Group has the following capital commitments:

- The Group has committed to a 10% co-investment in Class B Units in MCT and USD MCT, consolidated entities of the Group. At 30 June 2022, $42.1 million (31 Dec 2021: $28.0 million) and $3.3 million (31 Dec 2021: $2.0 million) has been invested by the Group in MCT and USD MCT respectively. Refer to further information in note 19(c).

25 Subsequent events

There were no material events subsequent to period end.

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