

*Rules 4.1, 4.3*

# Appendix 4D

## Half yearly report

Introduced 1/1/2003.

<b>Name of Entity</b>	ARC Funds Limited
<b>ABN</b>	52 001 746 710
<b>Financial Period Ended</b>	31 DECEMBER 2022
<b>Previous Corresponding Reporting Period</b>	31 DECEMBER 2021

### Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
<b>Revenue from ordinary activities</b>	12,651	719%
<b>Profit from ordinary activities after tax attributable to members</b>	(690,953)	(138%)
<b>Profit for the period attributable to members</b>	(690,953)	(138%)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	-
<b>Interim Dividend</b>	Nil	-
<b>Previous corresponding period</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>		
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		

**The half-yearly report it is to be read in conjunction with the most recent annual financial report.**

+ See chapter 19 for defined terms.

### Dividends

<b>Date the dividend is payable</b>	N/A
<b>Record date to determine entitlement to the dividend</b>	N/A
<b>Amount per security</b>	NIL
<b>Total dividend</b>	NIL
<b>Amount per security of foreign sourced dividend or distribution</b>	N/A
<b>Details of any dividend reinvestment plans in operation</b>	N/A
<b>The last date for receipt of an election notice for participation in any dividend reinvestment plans</b>	N/A

### NTA Backing

	Current Period	Previous corresponding period
<b>Net tangible asset backing per ordinary security</b>	7.3c	10.7c

### Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	-
Date control gained	-
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	-
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	-

### Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	-
Date control lost	-
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	-
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	-

### Details of Associates and Joint Venture Entities


Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Merewether Capital Management Pty Ltd	40%	40%	(\$25,522)	(\$32,849)

### Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited		The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
<b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b>			
Not applicable			
<b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b>			
Not applicable			

#### Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

<b>Signed By (Director/Company Secretary)</b>	
<b>Print Name</b>	James A Jackson (Chairman)
<b>Date</b>	22 February 2023

## **DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2022.

### **Directors**

The names of directors who held office during or since the end of the half-year:

James Andrew Jackson  
Harley Grosser  
Darren Anderson  
Wayne Massey

### **Principal Activities**

During the financial half-year, the principal activities of the consolidated entity consisted of:

- Equity Investment- investment in funds management companies, securities, schemes and entities
- Funds Management and Financial Services-operation of a wholesale funds management business

### **Review of Operations**

ARC Funds Limited (**ARC**) posted a loss after provision for income tax of \$690,953 for the period compared to a loss of \$289,868 in the comparative period.

### **Half Year 2022 Results Update to Shareholders**

- Loss of \$690,953
- NTA at December 31, 2022 of 7.3 cents

### **Update from Managing Director**

Dear Fellow Shareholders,

We have had some wins and losses over the last six months, but we continue to make progress towards our long-term company vision. I want to take you through a few of the recent developments, both positive and negative, and then provide an overview of what we're aiming to achieve in the current half and beyond.

Early in the half we announced that we would not be pursuing a Listed Investment Company (LIC) structure for ARC Emerging Managers (AEM) Fund. This was due simply to investor feedback, compounded by volatile market conditions at the time, whereby demand for a LIC did not meet the levels we viewed as requisite to justify proceeding.

We have worked through what the mechanics of the alternative structure may look like. We continue to engage with investors and potential partners for this fund. We were encouraged by the interest shown by investors and the apparent uniqueness of AEM in the market. We have also applied for a variation to our AFSL to allow ARC to manage this product.

We signed a fee share agreement with Lanyon Asset Management that we view as a first small test case into potentially building out a fee share model, alongside our usual equity partnership model. While there is no guarantee we will proceed to a fund launch with Lanyon, we do have a strong working relationship with the group and are working on potential mutually beneficial paths forward.

We announced in December that the agreement to launch Magnum's Fixed Income Fund was terminated. There's no doubt this was very disappointing as we had invested considerable resources into the product but delays and outcomes out of our control meant that termination was the right decision in the end. Fixed income remains an area of interest.

Market conditions have buoyed somewhat since I last wrote to you, which may bode well for our microcap fund manager, Merewether Capital Management. Despite a tough start our optimism in the outlook for this business has not waned, the investor base has remained stable, and calmer equity markets may help support positive investor returns.

We remain well capitalised and have reduced costs further wherever possible but stand ready to invest aggressively if and when opportunity presents. Shareholders should note that the loss in the income statement is exaggerated by non-cash expenses related to the Magnum and LAN deals. Our annual cash costs remain lean.

We continue to work hard on converting the opportunities in our pipeline, some of which would be relatively transformative for our company. Our primary focus that drives our decision making is building ARC to a self-sustaining vehicle as quickly, and as accretive to shareholder value, as possible. We can of course make no guarantees these deals will eventuate, but I remain optimistic, and my own incentives are heavily aligned to create a positive outcome for all shareholders.

Notwithstanding the difficult market for most financial assets in 2022, our outlook continues to be positive, and opportunities exist for significant value creation. It is simply up to us now to execute.

#### **Auditor's Declaration**

We have received a declaration from the auditors, Bentleys Brisbane (Audit) Pty Ltd, of their independence. The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2022.

The report is made in accordance with a resolution of the Board of Directors pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed on behalf of the Directors:



**Harley Grosser  
Managing Director**

Dated: 22 February 2023

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ARC FUNDS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 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.

*Bentleys.*

Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants

*Ashley Carle*

Ashley Carle  
Director  
Brisbane  
22 February 2023

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the half year ended 31 December 2022**

<b>Continuing Operations</b>	<b>Note</b>	<b>31 Dec 2022</b> <b>\$</b>	<b>31 Dec 2021</b> <b>\$</b>
Revenue	<b>2</b>	12,651	1,544
Other expenses	<b>3</b>	(373,133)	(258,422)
Finance Costs		(147)	(141)
3rd party loan written off	<b>4</b>	(150,000)	-
Gain/(loss) on disposal of associate	<b>5</b>	(152,553)	-
Share of net profit/(loss) of investments in associates accounted for using the equity method		(27,771)	(32,849)
<b>Profit/(loss) before income tax</b>		<b>(690,953)</b>	<b>(289,868)</b>
Income tax expense		-	-
<b>Profit/(loss) after income tax for the half-year</b>		<b>(690,953)</b>	<b>(289,868)</b>
Other comprehensive income for the half year, net of tax		-	-
<b>Total comprehensive income attributable to members of ARC Funds Limited</b>		<b>(690,953)</b>	<b>(289,868)</b>
Basic and diluted earnings/(loss) per share (cents per share)		(2.3c)	(1.0c)

**The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.**

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**Statement of Financial Position**  
**As at 31 December 2022**

	Note	Economic Entity	
		31 Dec 2022	30 June 2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	1,986,742	2,414,522
Trade and other receivables		31,954	4,680
Prepayments		24,655	6,419
Loans to 3 <sup>rd</sup> Parties	8	30,000	125,000
<b>TOTAL CURRENT ASSETS</b>		<b>2,073,351</b>	<b>2,550,621</b>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using the equity method		186,949	389,456
<b>TOTAL NON-CURRENT ASSETS</b>		<b>186,949</b>	<b>389,456</b>
<b>TOTAL ASSETS</b>		<b>2,260,300</b>	<b>2,940,077</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other payables		43,041	30,277
Employee provisions		6,345	7,933
<b>TOTAL CURRENT LIABILITIES</b>		<b>49,386</b>	<b>38,210</b>
<b>TOTAL LIABILITIES</b>		<b>49,386</b>	<b>38,210</b>
<b>NET ASSETS</b>		<b>2,210,914</b>	<b>2,901,867</b>
<b>EQUITY</b>			
Issued capital	10	20,153,280	20,153,280
Reserves – options	11	-	111,250
Accumulated losses		(17,942,366)	(17,362,663)
<b>TOTAL EQUITY</b>		<b>2,210,914</b>	<b>2,901,867</b>

The Statement of Financial Position is to be read in conjunction with the attached notes.



**ARC FUNDS LIMITED AND CONTROLLED ENTITY  
Statement of Cash Flows  
For the half year ended 31 December 2022**

	Note	Economic Entity	
		31 Dec 2022	31 Dec 2021
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(385,284)	(290,336)
Proceeds from sale of investments		-	24,187
Receipts from customers		6,000	-
Interest received		6,651	258
Finance costs paid		(147)	(141)
<b>Net cash (used in) / provided by operating activities</b>		<b>(372,780)</b>	<b>(266,032)</b>
<b>Cash flows from financing activities</b>			
Loan to 3rd Parties		(55,000)	-
<b>Net cash (used in) / provided by financing activities</b>		<b>(55,000)</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Payments for investments accounted for using the equity method		-	(286,099)
<b>Net cash (used in) / provided by financing activities</b>		<b>-</b>	<b>(286,099)</b>
<b>Net (decrease)/increase in cash</b>		<b>(427,780)</b>	<b>(552,131)</b>
Cash at beginning of period		2,414,522	3,418,035
<b>Cash at end of period</b>	<b>7</b>	<b>1,986,742</b>	<b>2,865,904</b>

**The Statement of Cash Flows is to be read in conjunction with the attached notes.**

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**Statement of Changes in Equity**  
**For the half year ended 31 December 2022**

	Issued Capital	Reserves		Accumulated Losses	Total Equity
	\$	Share based payments	Options	\$	\$
	\$	\$	\$	\$	\$
<b>At 30 June 2021</b>	<b>20,078,280</b>	-	-	<b>(16,750,230)</b>	<b>3,328,050</b>
Total comprehensive income for the period	-	-	-	(289,868)	(289,868)
Shared based payments	75,000	-	111,250	-	186,250
<b>At 31 December 2021</b>	<b>20,153,280</b>	-	<b>111,250</b>	<b>(17,040,098)</b>	<b>3,224,432</b>
Total comprehensive income for the period	-	-	-	(322,565)	(322,565)
<b>As at 30 June 2022</b>	<b>20,153,280</b>	-	<b>111,250</b>	<b>(17,362,663)</b>	<b>2,901,867</b>
Total comprehensive income for the period	-	-	-	(690,953)	(690,953)
Transfer reserve on lapsing of options	-	-	(111,250)	111,250	-
<b>At 31 December 2022</b>	<b>20,153,280</b>	-	-	<b>(17,942,366)</b>	<b>2,210,914</b>

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The interim consolidated financial report was approved by the Board of Directors on 22 February 2023.

This interim consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the financial year ended 30 June 2022 ("**2022 Annual Report**"). The 2022 Annual Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

The half yearly report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full financial report. Accordingly, it is recommended that this financial report be read in conjunction with the 2022 Annual Report and any public announcements made by ARC Funds Limited ("**ARC**") during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The same accounting policies have been followed as those applied and discussed in the 2022 Annual Report.

The Group has considered the implications of new or amended Accounting Standards, but determined that their impact is either not relevant or not material.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The functional and presentation currency of ARC is Australian dollars.

**(a) Investments in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transactions costs) and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or the loss of the associate is included in the Group's profit or loss. The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of the investment, is recognised in profit or loss in the period in which the investment is recognised.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group discontinues recognising its share of future losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the association subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Economic Entity**  
**31 Dec 2022**      **31 Dec 2021**  
\$                      \$

**NOTE 2: REVENUES**

Revenues are comprised as follows:

Affiliate services	6,000	-
Interest revenue	6,651	258
Change in fair value of investments retained	-	1,286
Total revenues	<u>12,651</u>	<u>1,544</u>

**NOTE 3: EXPENSES**

Expenses are comprised as follows:

Directors fees and costs - cash	135,363	122,375
Insurance	14,727	12,813
Legal Expenses	62,625	12,330
Lanyon contribution	50,000	-
Other expenses	110,418	110,904
Total expenses	<u>373,133</u>	<u>258,422</u>

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4: 3<sup>RD</sup> PARTY LOAN WRITTEN OFF**

On 10 May 2022 the company announced it had entered into an agreement with Lanyon Investment Company Limited (LAN) to acquire the investment management rights to LAN.

As part of this agreement, ARC Investment Management Pty Ltd (a subsidiary of ARC) ("ARC IM"), was to replace the existing investment manager, Lanyon Asset Management Pty Ltd, and become party to the existing investment management agreement (IMA) of LAN.

The agreement contemplated in the IMA were conditional upon LAN shareholder approval, including to novate the IMA, change LAN's name and amend LAN's constitution accordingly, to undertake a \$15m capital raising.

As part of the LAN restructure process the company agreed to fund LAN by way of a converting note issued to ARC. The total consideration was \$150,000 (plus LAN's re-listing fee), with \$100,000 issued immediately, and two additional tranches of \$25,000 each paid in June 2022 and July 2022. The converting loan was on an interest free, unsecured basis.

On 14 September 2022 the company announced the following, further to the ASX announcements dated 10 May 2022 and 11 May 2022, in relation to the transaction with ARC Funds Limited (ARC) (ASX:ARC), Lanyon Investment Company Limited (LAN or the Company) has, in light of the current broader market conditions, made a decision to not to proceed with the capital raising at this time.

As the capital raising is not proceeding at this time the company does not expect the \$150,000 loan to LAN to be repaid in cash, in accordance with the converting loan agreement the loan will instead be repaid as soon as reasonably practicable after 30 June 2023 by way of issue of 24,175 Shares in LAN to the company.

As LAN has very little in net assets and its future plans remain unclear the company does not expect any value will be assigned to the 24,175 in LAN. As a result, it has been decided to write off the \$150,000 loan to LAN.

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5: GAIN/(LOSS) ON DISPOSAL OF ASSOCIATE**

On 22<sup>nd</sup> December 2022 ARC and Magnum Holdings agreed to terminate the Joint Venture, with a view to limiting the costs and liabilities of each party associated with operating Magnum Funds Management and the Magnum Fixed Income Fund.

Up until the termination of the Joint Venture agreement Magnum incurred additional losses of which ARC share of these losses was \$2,249.

Of the initial \$50,000 equity investment in Magnum by ARC, ARC share of cash reserves in Magnum at the time of the termination of the joint venture were \$22,183 and this was returned to ARC on 4 January 2023.

The calculation of the loss in relation to ARCs investment in Magnum are as follows;

**Loss on disposal of Magnum**

<b><u>Carrying value as at 30 June 22</u></b>	
ARC equity in Magnum	50,000
Capitalised expenses	34,031
Issued Options	111,250
Share of Retained Earnings / (Losses) 30 June 2022	(18,296)
Share of Retained Earnings / (Losses) to 22 December 2022	(2,249)
<b>Investment in Magnum as at 22 December 2022</b>	<b>174,736</b>
less Proceeds from Magnum	(22,183)
<b>Loss / (Gain) on Magnum disposal</b>	<b>152,553</b>

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>31 Dec 2022</b>	<b>30 June 2022</b>
	\$	\$

**NOTE 6: DIVIDENDS PAID OR PROPOSED**

**Declared and paid during the period**

Total dividends paid	-	-
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**Proposed and not recognised as a liability (fully franked at 25%)**

Interim franked dividend for period to 31 December 2022: nil (30 June 2022: nil)	-	-
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The current balance of the franking account, prior to accounting for any taxation paid in relation to the result for the latest period is \$48,634.

**NOTE 7: CASH AND CASH EQUIVALENTS**

Cash on hand and at bank	1,986,742	2,414,522
Net cash and cash equivalents as per statement of cash flows	<u>1,986,742</u>	<u>2,414,522</u>

**NOTE 8: LOANS TO 3<sup>RD</sup> PARTIES**

Loans to 3 <sup>rd</sup> Parties	30,000	125,000
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ARC agreed to provide Merewether Capital Management with a working capital facility of \$150,000 on a 2-year term (commencing 11 August 2021), no interest payable, as at 31 December 2022 \$30,000 of this facility has been drawn down.

The \$125,000 loan as at 30 June 2022 relates to the LAN converting loan. This was written-off during the half year period. Refer to in Note 4 for further information.

**NOTE 9. CONTROLLED ENTITIES**

	<b>Country of Incorporation</b>	<b>Percentage Owned</b>	
		<b>31 Dec 2022</b>	<b>30 June 2022</b>
<b>Parent Entity:</b>			
ARC Funds Limited	Australia		
<b>Controlled Entities of ARC Funds Limited:</b>			
ARC Funds Operations Pty Ltd (a)	Australia	100%	100%
ARC Investment Management Pty Ltd	Australia	85%	85%

**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>31 Dec 2022</b>	<b>30 June 2022</b>
	\$	\$

**NOTE 10. EQUITY – ISSUED CAPITAL**

30,076,352 fully paid authorised ordinary shares (30 June 2022: 30,076,352)	20,153,280	20,153,280
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**MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>\$</b>
30 June 2022	Opening balance	30,076,352	20,153,280
31 December 2022	Closing balance	30,076,352	20,153,280

**NOTE 11. EQUITY: RESERVES - OPTIONS**

Option Reserve	-	111,250
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*Investment in Magnum Funds Management Pty Ltd*

On 3 November 2021, ARC announced that it had entered into a binding agreement to acquire a 25% of the issued share capital of Magnum Funds Management Pty Ltd.

In consideration for Magnum Holdings entering into the transaction, ARC issued 1,000,000 unlisted options over fully paid ordinary shares in ARC at an exercise price of \$1.00 per share, with a 3-year expiry period upon achieving the agreed vesting conditions.

These options had a fair value at the grant date of 11.125c per option. The cost of the options were \$111,250 and were included in Investments accounted for using the equity method.

On 22nd December 2022 ARC and Magnum Holdings agreed to terminate the Joint Venture, as a result all options granted by ARC to Magnum Holdings under the Joint Venture have lapsed as the vesting conditions have become incapable of satisfaction. As a result, the reserve has been transferred to retained earnings.



**ARC FUNDS LIMITED AND CONTROLLED ENTITY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 12. SEGMENT INFORMATION**

The Economic Entity's activities have been divided into two specific segmental groups, operating in one geographical region, being Australia:

**Funds management:** the management of investment vehicles and provision of other funds management services;

**Investment:** investment in listed and unlisted Australian companies and securities.

Unallocated expenses include all financing costs except those directly attributable to investment, and personnel costs associated with the Economic Entity except the use of outside personnel as Directors of partly owned subsidiaries and compliance committees which are capable of allocation to a specific business segment; interest and dividend income is allocated to "Investment".

<b>Six months to 31 December 2022</b>	<b>Funds M'ment</b>	<b>Investment</b>	<b>Unallocated</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	6,000	-	-	6,000
Interest revenue	-	6,651	-	6,651
3rd party loan written off	-	(150,000)	-	(150,000)
Gain/(loss) on disposal of associate	(152,553)	-	-	(152,553)
Share of net profit/(loss) of investments accounted for using the equity method	(27,771)	-	-	(27,771)
Expenses other than finance, depreciation & amortisation	-	-	(373,133)	(373,133)
<b>SEGMENT RESULT</b>	<b>(174,324)</b>	<b>(143,349)</b>	<b>(373,133)</b>	<b>(690,806)</b>
Finance costs	-	-	(147)	(147)
<b>LOSS BEFORE INCOME TAX</b>	<b>(174,324)</b>	<b>(143,349)</b>	<b>(373,280)</b>	<b>(690,953)</b>
Income tax expense	-	-	-	-
<b>LOSS AFTER INCOME TAX</b>	<b>(174,324)</b>	<b>(143,349)</b>	<b>(373,280)</b>	<b>(690,953)</b>
Segment Assets	216,949	-	2,043,351	2,260,300
Segment Liabilities	-	-	49,386	49,386

<b>Six months to 31 December 2021</b>	<b>Funds M'ment</b>	<b>Investment</b>	<b>Unallocated</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	1,286	-	1,286
Interest revenue	-	258	-	258
Share of net profit/(loss) of investments accounted for using the equity method	(32,849)	-	-	(32,849)
Expenses other than finance, depreciation & amortisation	-	-	(258,422)	(258,422)
<b>SEGMENT RESULT</b>	<b>(32,849)</b>	<b>1,544</b>	<b>(258,422)</b>	<b>(289,727)</b>
Finance costs	-	-	(141)	(141)
<b>LOSS BEFORE INCOME TAX</b>	<b>(32,849)</b>	<b>1,544</b>	<b>(258,563)</b>	<b>(289,868)</b>
Income tax expense	-	-	-	-
<b>LOSS AFTER INCOME TAX</b>	<b>(32,849)</b>	<b>1,544</b>	<b>(258,563)</b>	<b>(289,868)</b>
Segment Assets	364,500	2,865,904	28,747	3,259,151
Segment Liabilities	-	-	34,719	34,719

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read 'J. Jackson', with a long horizontal flourish extending to the right.

James A Jackson  
Chairman

22 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARC FUNDS LIMITED



### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of ARC Funds Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. 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 the Code.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants

Ashley Carle

Director

Brisbane, 22 February 2023