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 2023 to 30 June 2023
Previous corresponding period:	1 January 2022 to 30 June 2022

Results for announcement to the market	Half-year ended 30 Jun 2023 $m	Half-year ended 30 Jun 2022 $m	Up/Down	Movement %
Revenues from ordinary activities	335.8	344.8	Down	(2.6%)
Total income	172.9	154.7	Up	11.8%
Profit from ordinary activities after tax attributable to ordinary equity holders	17.3	20.5	Down	(15.6%)
Net profit after tax attributable to ordinary equity holders	17.3	20.5	Down	(15.6%)
Total comprehensive income	16.5	19.3	Down	(14.5%)

Dividend per ordinary share	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2022 interim dividend per share (paid 21 September 2022)	6.0	6.0	30.0%
2022 final dividend per share (paid 22 March 2023)	14.0	14.0	30.0%
2023 interim dividend per share (resolved, not yet provided for at 30 June 2023)	6.0	6.0	30.0%

Final dividend dates	
Record Date:	30 August 2023
Payment Date:	20 September 2023

Other disclosure requirements	Half-year ended 30 Jun 2023	Half-year ended 30 Jun 2022
Net tangible assets per ordinary share[1]	$1.41	$1.41

1. Excludes goodwill, deferred tax assets and liabilities and other intangible assets.

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 2023 and the Directors' Report for the half-year ended 30 June 2023.

This information should be read in conjunction with the 2022 Annual Report, the Half-Year Financial Report for the half-year ended 30 June 2023 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 2023 which have been reviewed by KPMG.

MA Financial Group

Consolidated Half-Year Financial Report

30 June 2023

MA Financial Group Limited
ABN 68 142 008 428

Contents

Directors' report

For the half-year ended 30 June 2023

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 2023.

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

Jeffrey Browne	Independent Chair and Non-Executive Director
Andrew Pridham	Group Vice Chair
Alexandra Goodfellow	Independent Non-Executive Director
Simon Kelly	Independent Non-Executive Director
Nikki Warburton	Independent Non-Executive Director
Kenneth Moelis	Non-Executive Director
Kate Pilcher Ciafone	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 period to the date of this report unless otherwise noted.

Review of operations and results

Principal activities

The Group is a global alternative asset manager specialising in private credit, hospitality, real estate and unique operating assets such as marinas. The Group lends to real estate and specialty finance sectors and provides corporate advice. During the period, the Group expanded its Asset Management segment by acquiring Blue Elephant Capital Management LLC, Blue Elephant Partner LLC and Blue Elephant Financing LLC (collectively Blue Elephant), a SEC-regulated specialty credit asset manager based in New York.

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 2023 and the results herein are prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

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 2023 was $16.5 million (half-year ended 30 June 2022: $19.3 million) and the profit after tax for the half-year ended 30 June 2023 was $17.3 million (half-year ended 30 June 2022: $20.5 million).

	Half-year ended 30 Jun 2023 $'000	Half-year ended 30 Jun 2022 $'000	Movement %
Statutory results			
Total income	172,932	154,666	12%
Profit before tax	25,080	26,726	(6%)
Profit after income tax	17,266	20,542	(16%)
Total comprehensive income	16,480	19,306	(15%)
Underlying results			
Revenue	128,312	146,152	(12%)
EBITDA	45,736	49,573	(8%)
Net profit after income tax	24,396	28,069	(13%)

	Half-year ended 30 Jun 2023		Half-year ended 30 Jun 2022	
	Statutory	Underlying	Statutory	Underlying
	cents	cents	cents	cents
Earnings per share				
Basic earnings per share	10.8	15.2	12.9	17.6
Diluted earnings per share	10.4	14.8	12.3	16.9

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.

Review of operations and results (continued)

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 as otherwise 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.

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 2023 was $45.7 million, down 8% from $49.6 million in the prior corresponding period[1]. Underlying NPAT for the half-year ended 30 June 2023 was $24.4 million, down 13% from $28.1 million in the prior corresponding period. The Group's Asset Management segment recorded strong growth in its recurring revenue streams from record first half fund inflows offset by softer performance fees. The Lending and Technology segment recorded ongoing volume growth offset by continued investment in its platforms. Corporate Advisory and Equities (CA&E) was impacted by softer transactional activity. Unallocated costs associated with the central executives and corporate support functions are shown separately as Corporate Services.

Key highlights include the acquisition of specialty credit asset manager, Blue Elephant and the launch of the MA Marina Fund. The Group continues to invest in its operating platform with the hiring of new resources and expanding premises in Sydney and Singapore.

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 2023 $'000	Half-year ended 30 Jun 2022 $'000
Asset Management	42,921	46,655
Lending and Technology	6,833	8,015
Corporate Advisory and Equities	4,829	6,649
Corporate Services	(8,847)	(11,746)
Underlying EBITDA	**45,736**	**49,573**
Depreciation and amortisation	6,582	5,238
Interest expense	4,302	4,236
Income tax expense	10,456	12,030
Underlying NPAT	**24,396**	**28,069**

1 Prior corresponding period refers to the six months ended 30 June 2022.

Review of operations and results (continued)

Asset Management

Asset Management expanded during the period with the acquisition of New York based specialty credit asset manager Blue Elephant and the launch of the MA Marina Fund.

Asset Management contributed approximately 79% of Group Underlying EBITDA before Corporate Services in the half-year ended 30 June 2023. This result was derived from Underlying Revenue of $84.8 million, down 12% from $96.3 million in the prior corresponding period. Assets under management grew by $1.4 billion to $8.6 billion at 30 June 2023 with inflows of $953 million, up 66% on the prior corresponding period.

Base management fee revenue was up 10% on the prior corresponding period which was offset by softer performance fees, mainly for the Group's hospitality assets, with total divisional revenue down 12%.

Lending and Technology

Lending and Technology continues to have positive momentum in new loan volumes in MA Money with $241 million of new loans settled during the period.

Lending and Technology Underlying Revenue contribution, including both net interest margin (NIM) and fee and commission income from Finsure was $20.8 million for the half-year ending 30 June 2023, up 12% from $18.6 million in the prior corresponding period. MA Money loan book was $421 million at 30 June 2023, up 85% on the prior corresponding period.

The continued investment in the Lending and Technology platform increased expenses in the period to 30 June 2023.

Corporate Advisory and Equities

Corporate Advisory and Equities Underlying Revenue contribution of $22.2 million for the half-year ended 30 June 2023, down 27% from $30.3 million in the prior corresponding period. Deal activity has been impacted by the difficult operating environment making timing and deal execution uncertain.

Financial position

Statutory total assets amounted to $2,739.2 million (31 December 2022: $2,246.2 million). At 30 June 2023, net assets amounted to $403.3 million (31 December 2022: $409.6 million).

The statutory consolidated statement of financial position includes the consolidation of credit funds managed by the Group, specialist lending securitisation trusts and mortgage securitisation trusts. These special purpose funding vehicles contain liabilities which are secured only by the assets of these entities with no further recourse to the Group.

Management utilises a non-IFRS Operating balance sheet which predominately excludes the special purpose funding vehicles 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 in the 1H23 Results Presentation that accompanies this Half-Year Financial Report.

	Statutory		Operating	
	30 Jun 2023 $'000	31 Dec 2022 $'000	30 Jun 2023 $'000	31 Dec 2022 $'000
Cash and cash equivalents	116,066	144,589	56,180	98,803
Loans receivable	1,288,555	855,482	7,899	8,959
Contract assets	650,599	607,232	38,763	35,866
Investments	287,408	287,898	212,242	210,549
Goodwill and other intangibles	197,443	185,018	197,443	185,018
Right-of-use assets	69,145	61,773	69,145	61,773
Other assets	129,964	104,242	94,004	73,660
Total assets	**2,739,180**	**2,246,234**	**675,676**	**674,628**
Borrowings	579,383	371,505	120,030	95,030
Contract liabilities	611,836	571,365	-	-
Fund preferred units	814,506	568,584	-	-
Other financial liabilities	135,836	116,419	-	-
Other liabilities	194,287	208,774	152,314	170,011
Total liabilities	**2,335,848**	**1,836,647**	**272,344**	**265,041**
Net assets	**403,332**	**409,587**	**403,332**	**409,587**
Net tangible assets	**226,178**	**240,108**	**226,178**	**240,108**

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 supporting operating activities and the acquisition of Blue Elephant.

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 2023. The Group's cash resources were enhanced with the $40.0 million revolving corporate facility of which $25.0 million was drawn upon during the period.

Dividends

A fully franked final dividend for the year ended 31 December 2022 of $24.3 million (14.0 cents per share) was paid on 22 March 2023.

Subsequent to 30 June 2023, the Directors have resolved to pay a fully franked interim dividend of 6 cents per share for the half-year ended 30 June 2023. The interim dividend is payable on 20 September 2023.

Events subsequent to reporting date

At the date of this financial report, no matter or circumstance has arisen that has, or may, significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years which has not already been reflected in this report.

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
24 August 2023

Julian Biggins
Director and Joint Chief Executive Officer

Sydney
24 August 2023

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 2023 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

24 August 2023

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Independent Auditor's Review Report

To the shareholders of MA Financial Group Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year 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 Half-year 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 2023 and of its performance for the ***Half-year Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 30 June 2023
- 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 Half-year Period ended on that date
- Notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

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 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*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report 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 2023 and its performance for the Half-year ended on that date, and complying with *Australian 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.

KPMG

KPMG

Shaun Kendrigan

Partner

Sydney

24 August 2023

Directors' declaration

For the half-year ended 30 June 2023

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 2023 thereto set out on pages 11 to 35 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 2023 and performance for the half-year ended on that date.

This declaration has been made after receiving declarations from the joint Chief Executive Officers and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors.

Jeffrey Browne
Independent Chair and Non-Executive Director
Sydney
24 August 2023

Julian Biggins
Director and Joint Chief Executive Officer
Sydney
24 August 2023

Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 30 June 2023

	Note	Half-year ended 30 Jun 2023 Consolidated $'000	Half-year ended 30 Jun 2022 Consolidated $'000
Fee and commission income	3	335,805	344,752
Fee and commission expense	4	(227,035)	(217,600)
Net fee and commission income		**108,770**	**127,152**
Share of net profit/(loss) from associates		1,252	(2,686)
Interest income	5	54,678	21,841
Investment income	6	4,039	4,039
Other income	7	4,193	4,320
Total income		**172,932**	**154,666**
Employee expenses		71,846	84,646
Marketing and business development		6,834	4,815
Information, technology and data		5,392	4,402
Depreciation and amortisation		8,061	8,164
Finance costs		42,527	13,639
Credit loss allowance	15	860	256
Other expenses		12,332	12,018
Total expenses		**147,852**	**127,940**
Profit before income tax	2	**25,080**	**26,726**
Income tax expense		(7,814)	(6,184)
Profit after income tax		**17,266**	**20,542**
Other comprehensive income/(loss), net of tax			
Items that will not be subsequently reclassified to profit or loss:			
Fair value loss on investments in equity instruments designated at FVTOCI		(344)	(1,795)
Share of other comprehensive (loss)/income of associates		(559)	307
		(903)	**(1,488)**
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange movements on translation		117	252
		117	**252**
Other comprehensive loss, net of tax		**(786)**	**(1,236)**
Total comprehensive income		**16,480**	**19,306**
Profit attributable to:			
Owners of the Company		17,266	20,542
Non-controlling interests		-	-
		17,266	**20,542**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(786)	(1,236)
Non-controlling interests		-	-
		(786)	**(1,236)**
Earnings per share			
From continuing operations			
Basic (cents per share)	9	10.8	12.9
Diluted (cents per share)	9	10.4	12.3

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 2023

	Note	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Assets			
Current assets			
Cash and cash equivalents	10	116,066	144,589
Receivables	13	108,772	88,483
Loans receivable	14	565,949	319,802
Other assets		10,975	9,086
Contract assets	12	149,395	139,280
Other financial assets	16	212,300	167,100
Income tax receivable		4,412	-
Total current assets		**1,167,869**	**868,340**
Non-current assets			
Restricted cash		700	700
Loans receivable	14	722,606	535,680
Contract assets	12	501,204	467,952
Other financial assets	16	22,549	29,212
Property, plant and equipment		5,105	5,973
Right-of-use assets	18	69,145	61,773
Investments in associates and joint ventures	11	52,559	91,586
Intangible assets	17	56,215	56,849
Goodwill	17	141,228	128,169
Total non-current assets		**1,571,311**	**1,377,894**
Total assets		**2,739,180**	**2,246,234**
Liabilities			
Current liabilities			
Trade and other payables		78,187	77,565
Other financial liabilities	16	135,836	116,419
Borrowings	19	434,383	246,505
Contract liabilities	12	140,489	131,061
Lease liabilities		6,228	6,219
Provisions		14,598	45,005
Income tax payable		-	3,849
Total current liabilities		**809,721**	**626,623**
Non-current liabilities			
Trade and other payables		5,862	240
Borrowings	19	959,506	693,584
Contract liabilities	12	471,347	440,304
Lease liabilities		67,276	58,733
Provisions		1,847	1,624
Deferred tax liabilities		20,289	15,539
Total non-current liabilities		**1,526,127**	**1,210,024**
Total liabilities		**2,335,848**	**1,836,647**
Net assets		**403,332**	**409,587**
Equity			
Contributed equity	21	279,735	275,087
Reserves		48,710	54,011
Retained earnings		73,493	80,489
Equity attributable to owners of the Company		**401,938**	**409,587**
Non-controlling interests		1,394	-
Total equity		**403,332**	**409,587**

The above condensed 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 2023

		Attributable to the owners of the Company					
Consolidated	**Note**	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance as at 1 January 2022		**254,990**	**48,491**	**66,552**	**370,033**	**-**	**370,033**
Profit for the period		-	-	20,542	20,542	-	20,542
Other comprehensive loss, net of tax		-	(1,236)	-	(1,236)	-	(1,236)
Total comprehensive income		**-**	**(1,236)**	**20,542**	**19,306**	**-**	**19,306**
Payment of dividends	8	-	-	(20,466)	(20,466)	-	(20,466)
Issue of ordinary shares		42,102	-	-	42,102	-	42,102
Shares vested under deferred shares plan during the period		3,029	(3,029)	-	-	-	-
Treasury shares		(22,740)	-	-	(22,740)	-	(22,740)
Equity transaction costs		(92)	-	-	(92)	-	(92)
Share-based payments		-	3,179	-	3,179	-	3,179
		22,299	**150**	**(20,466)**	**1,983**	**-**	**1,983**
Balance as at 30 June 2022		**277,289**	**47,405**	**66,628**	**391,322**	**-**	**391,322**
Balance as at 1 January 2023		**275,087**	**54,011**	**80,489**	**409,587**	**-**	**409,587**
Profit for the period		-	-	17,266	17,266	-	17,266
Other comprehensive loss, net of tax		-	(903)	-	(903)	-	(903)
Foreign currency translation		-	117	-	117	-	117
Total comprehensive income		**-**	**(786)**	**17,266**	**16,480**	**-**	**16,480**
Payment of dividends	8	-	-	(24,262)	(24,262)	-	(24,262)
Issue of ordinary shares		15,234	-	-	15,234	-	15,234
Shares vested under deferred shares plan during the period		2,144	(2,144)	-	-	-	-
Share buy-back		(1,027)	-	-	(1,027)	-	(1,027)
Treasury shares		(11,677)	-	-	(11,677)	-	(11,677)
Equity transaction costs		(26)	-	-	(26)	-	(26)
Share-based payments		-	(2,371)	-	(2,371)	-	(2,371)
Movement in non-controlling interests		-	-	-	-	1,394	1,394
		4,648	**(4,515)**	**(24,262)**	**(24,129)**	**1,394**	**(22,735)**
Balance as at 30 June 2023		**279,735**	**48,710**	**73,493**	**401,938**	**1,394**	**403,332**

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 2023

	Note	Half-year ended 30 Jun 2023 Consolidated $'000	Half-year ended 30 Jun 2022 Consolidated $'000
Cash flows from operating activities			
Receipts from customers		309,449	258,514
Payments to suppliers and employees		(342,682)	(252,750)
Amounts advanced to third parties		(433,877)	(110,466)
Proceeds from warehouse notes and fund preferred units		408,801	117,030
Interest received		48,460	16,720
Interest paid		(39,047)	(11,329)
Income taxes paid		(10,780)	(12,372)
Net cash (used in)/generated by operating activities		**(59,676)**	**5,347**
Cash flows from investing activities			
Net proceeds from the sale of financial investments		17,623	7,660
Distributions received from investments		5,644	5,065
Receipts from employee loans		465	10
Net proceeds from/(payment for) the sale and acquisition of shares in associates		8,918	(2,012)
Payments to acquire subsidiaries, net of cash acquired	23	(6,496)	(146,910)
Payments to acquire property, plant and equipment and intangible assets		(5,060)	(5,014)
Net cash generated by/(used in) investing activities		**21,094**	**(141,201)**
Cash flows from financing activities			
Net proceeds from the issue of shares		-	19,310
Payments for treasury shares		(4,417)	(6,199)
Share buy-back		(1,027)	-
Proceeds from exercise of share options		110	352
Cash transferred from restricted cash accounts		-	1,575
Payments of lease liabilities		(3,710)	(2,922)
Interest on lease liabilities		(2,223)	(1,667)
Proceeds from borrowings		45,000	22,000
Dividends paid to shareholders	8	(24,262)	(20,466)
Net cash generated by financing activities		**9,471**	**11,983**
Net decrease in cash and cash equivalents		**(29,111)**	**(123,871)**
Cash and cash equivalents at the beginning of the period		144,589	242,861
Effects of exchange rate changes on the balance of cash held in foreign currencies		588	1,118
Cash and cash equivalents at the end of the period	10	**116,066**	**120,108**

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 2023

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 comprises the condensed consolidated financial statements of MA Financial Group Limited and its controlled entities (Group) as at and for the six months ended 30 June 2023.

The Half-Year Financial Report was authorised for issue in accordance with a resolution of the Directors of the Company on 24 August 2023.

Basis of preparation

This general purpose interim financial report has been 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 has been prepared on the basis that it will continue to operate as a going concern. The Directors have, at the time of approving the financial report, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future.

The Half-Year Financial Report does not include all the disclosures of the type that are normally included in the Group's annual financial report. Accordingly, this report is to be read in conjunction with the Group's annual financial report for the year ended 31 December 2022 and any public announcements made by the Group during the reporting period in accordance with the continuous disclosure requirements issued by the Australian Securities Exchange (ASX).

Except as described below, the accounting policies adopted in the preparation of this Half-Year Financial Report are consistent with those adopted and disclosed in the Group's 2022 annual financial report for the year ended 31 December 2022. The accounting policies are consistent with Australian Accounting Standards and IASB.

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 and have been prepared on a historical basis.

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 Group's accounting policies. Areas of estimation uncertainty and the basis of key judgements applied by management in preparing the Half-Year Financial Report are consistent with those applied and disclosed in the annual financial report for the year ended 31 December 2022.

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

New and revised accounting standards and policies

Except as described below, the accounting policies applied in the Half-Year Financial Report are the same as those applied in the Group's annual financial report as at and for the year ended 31 December 2022.

New accounting standards and amendments that are effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group's operations and mandatorily effective on or after 1 January 2023, including:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021–5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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.

1 Basis of preparation and significant accounting policies (continued)

Accounting standards and interpretations issued but not yet effective

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*	1 January 2024	31 December 2024
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

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 and reclassified foreign exchange movements on translation as an item that may be subsequently reclassified to profit or loss in the condensed consolidated statement of profit or loss, reallocated lending trail commission income to at a point in time in note 3 and reclassified cashflow movements in distributions from investments and amounts advanced to third parties from investing activities to operating activities 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 and Technology
- 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, principal co-investment and strategic investments. During the period, the Group expanded its Asset Management segment by acquiring Blue Elephant Capital Management LLC, Blue Elephant Partner LLC and Blue Elephant Financing LLC (collectively Blue Elephant), a SEC-regulated specialty credit asset manager based in New York.

The Lending and Technology segment includes lending platforms for the provision of loan funding, residential mortgages and financial technology including mortgage aggregation services.

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 Net 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.

2 Segment information (continued)

2.2 Segment results

Depreciation, amortisation and 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 and Technology $'000	CA&E $'000	Corporate Services $'000	Total Underlying segment $'000	Adjustments[4] $'000	Statement of comprehensive income $'000
30 June 2023							
Revenue[1]	84,799	20,800	22,169	544	128,312	44,620	172,932
Staff costs	(32,493)	(10,526)	(13,343)	(7,645)	(64,007)	(7,839)	(71,846)
Non-staff costs	(9,385)	(3,441)	(3,997)	(1,746)	(18,569)	(6,849)	(25,418)
EBITDA[2]	**42,921**	**6,833**	**4,829**	**(8,847)**	**45,736**	**29,932**	**75,668**
Depreciation and amortisation					(6,582)	(1,479)	(8,061)
Interest expense[3]					(4,302)	(38,225)	(42,527)
Profit before income tax					**34,852**	**(9,772)**	**25,080**
Income tax expense					(10,456)	2,642	(7,814)
Net profit after income tax					**24,396**	**(7,130)**	**17,266**
Other comprehensive income					-	(786)	(786)
Total comprehensive income					**24,396**	**(7,916)**	**16,480**
30 June 2022							
Revenue[1]	96,277	18,567	30,262	1,046	146,152	8,514	154,666
Staff costs	(41,106)	(8,005)	(20,077)	(9,607)	(78,795)	(5,851)	(84,646)
Non-staff costs	(8,516)	(2,547)	(3,536)	(3,185)	(17,784)	(3,707)	(21,491)
EBITDA[2]	**46,655**	**8,015**	**6,649**	**(11,746)**	**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 income 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**

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 statement of profit or loss.
4 Refer to the reconciliation of the Underlying segment to statutory measures.

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 2023		**172,932**	**75,668**	**17,266**	**16,480**
Differences in measurement					
Business acquisition adjustments	(a)	-	3,937	5,578	5,578
Net (gain)/loss on investments	(b)	-	-	-	(306)
Adjustments relating to associates	(c)	2,302	2,302	2,302	3,940
Software development adjustments	(d)	-	2,188	1,893	1,893
Differences in classification					
Adjustments relating to Lending Trusts[2]	(e)	(36,631)	(35,460)	-	-
Credit investments	(f)	(860)	-	-	-
Interest income	(g)	(2,899)	(2,899)	-	-
Expense reallocations	(h)	(6,532)	-	-	-
Tax on adjustments		-	-	(2,643)	(3,189)
Total adjustments		**(44,620)**	**(29,932)**	**7,130**	**7,916**
Underlying results for the period ended 30 June 2023		**128,312**	**45,736**	**24,396**	**24,396**
Statutory result for the period ended 30 June 2022		**154,666**	**48,529**	**20,542**	**19,306**
Differences in measurement					
Business acquisition adjustments	(a)	-	3,304	6,231	6,231
Net (gain)/loss on investments	(b)	-	-	-	1,976
Adjustments relating to associates	(c)	7,179	7,179	7,179	6,278
Software development adjustments	(d)	-	439	439	439
Credit investments	(f)	-	(384)	(384)	(384)
Differences in classification					
Adjustments relating to Lending Trusts[2]	(e)	(10,063)	(9,494)	-	-
Credit investments	(f)	(640)	-	-	-
Expense reallocations	(h)	(4,990)	-	-	-
Tax on adjustments		-	-	(5,938)	(5,777)
Total adjustments		**(8,514)**	**1,044**	**7,527**	**8,763**
Underlying results for the period ended 30 June 2022		**146,152**	**49,573**	**28,069**	**28,069**

1 Revenue refers to total income on the condensed consolidated statement of profit or loss and other comprehensive income.
2 Lending Trusts refers to residential mortgage-backed securitisation trusts, specialty lending trusts and 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 Underlying treatment removes one-off transaction costs related to the acquisition of subsidiaries. In addition, the Underlying treatment removes earn-out cash and share-based payments to vendors, who are now employees of the Group, that are required to be recognised under IFRS as either salary and wages or share-based payment expenses. During the period $3.9m of expenses (30 June 2022: $3.2 million) related to business acquisitions has been removed from Underlying EBITDA. Underlying NPAT also excludes the non-cash IFRS expenditure relating to the amortisation of intangible assets, recognised in a business combination, of $1.7 million (30 June 2022: $3.0 million).

(b) The Underlying treatment only recognises realised gains/losses on disposal of financial investments in Underlying Revenue. The Underlying treatment does not include unrealised gains and losses on financial investments, in line with the change in approach announced during 2022. During the period, unrealised gains on financial investments of $0.2 million have been excluded from the Underlying result (30 June 2022: $2.2 million loss). The adjustment also removes the foreign currency translation gain for the Group's offshore entities of $0.1 million (30 June 2022: $0.3 million gain).

(c) 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.

(d) The Underlying treatment capitalises and amortises certain operational platform and software development costs that are required to be expensed per accounting standards.

Differences in classification

(e) The Underlying treatment records the net distributions received from the Lending Trusts in Underlying Revenue. As such interest and other expenses are reclassified to interest income to reflect this net position.

(f) The Underlying ECL expenses are reclassified from Statutory expense to Underlying revenue to be consistent with how management view the movement in the value of investments.

(g) Interest income on cash and bank balances of $2.9 million (30 June 2022: nil) is reclassified to Underlying interest expense.

(h) The Underlying adjustment reclassifies revenue against those expenses that have been recovered to reflect the net nil impact to the Group.

	Half-year ended 30 Jun 2023 Consolidated $'000	Half-year ended 30 Jun 2022 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 2023 Consolidated $'000	Half-year ended 30 Jun 2022 Consolidated $'000
Timing of revenue recognition		
At a point in time		
Success fees	16,130	31,673
Upfront commission income	105,451	95,003
Trail commission income	121,328	113,028
Other commission income	1,259	755
Commission and brokerage income	3,037	3,171
Facilitation and transaction fees	20,856	17,014
Total revenue earned at a point in time	**268,061**	**260,644**
Over time		
Retainer fees	3,173	2,889
Service fees	8,964	5,681
Performance fees	7,635	30,493
Distribution fees	4,331	3,512
Management fees	43,641	41,533
Total revenue earned over time	**67,744**	**84,108**
Total fee and commission income	**335,805**	**344,752**
Fee and commission income by segment		
At a point in time		
Asset Management	20,856	17,014
Lending and Technology	228,038	208,786
Corporate Advisory and Equities	19,167	34,844
Total revenue earned at a point in time	**268,061**	**260,644**
Over time		
Asset Management	55,607	75,538
Lending and Technology	8,964	5,681
Corporate Advisory and Equities	3,173	2,889
Total revenue earned over time	**67,744**	**84,108**
Total fee and commission income	**335,805**	**344,752**

4 Fee and commission expense

	Half-year ended 30 Jun 2023 Consolidated $'000	Half-year ended 30 Jun 2022 Consolidated $'000
Lending and Technology fees and commission expense	(220,258)	(201,210)
Other fees and commission expense	(6,777)	(16,390)
Total fee and commission expense	**(227,035)**	**(217,600)**

5 Interest income

	Half-year ended 30 Jun 2023 Consolidated $'000	Half-year ended 30 Jun 2022 Consolidated $'000
Interest income on cash and bank balances	2,899	114
Interest income on loans receivable - effective interest rate method	51,696	21,549
Interest income on loans receivable held at FVTPL	64	156
Interest income on leases	19	22
Total interest income	**54,678**	**21,841**

	Half-year ended 30 Jun 2023 Consolidated $'000	Half-year ended 30 Jun 2022 Consolidated $'000
6 Investment income		
Dividends and distributions from investments	1,020	447
Realised gains from disposal of investments	2,018	3,528
Net gains on financial instruments	1,001	64
Total investment income	**4,039**	**4,039**
7 Other income		
Other income	156	25
Outgoings recovery	3,566	3,429
Net foreign exchange gains	471	866
Total other income	**4,193**	**4,320**

8 Dividends

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

Fully Paid Ordinary shares		
2021 dividend (paid on 11 March 2022)	-	20,466
2022 dividend (paid on 22 March 2023)	24,262	-
Total dividends	**24,262**	**20,466**

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 20 September 2023. 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 $10.7 million. This amount has been estimated based on the number of shares eligible to participate as at 30 June 2023.

	Half-year ended 30 Jun 2023 Consolidated cents	Half-year ended 30 Jun 2022 Consolidated cents
9 Earnings per share		
Basic earnings per share	10.8	12.9
Diluted earnings per share	10.4	12.3

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

	Half-year ended 30 Jun 2023	Half-year ended 30 Jun 2022
Weighted average number of ordinary shares (net of treasury shares) used in calculating basic earnings per share	160,325,102	159,786,780
Potential equity shares		
Share options	1,168,298	3,700,363
Share rights	474,586	240,644
Restricted shares	3,259,527	2,726,927
Salary sacrifice shares	53,799	39,817
Total potential equity shares	**4,956,210**	**6,707,751**
Total weighted average number of ordinary shares (net of treasury shares) and potential equity shares used in calculating diluted earnings per share	165,281,312	166,494,531

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
10 Cash and cash equivalents		
Cash and bank balances	56,180	98,803
Restricted balances[1]	59,886	45,786
Total cash and cash equivalents	**116,066**	**144,589**

1 Restricted balances include cash and cash equivalents that are not readily available to meet the Group's short-term cash commitments.

11 Investments in associates and joint ventures

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
BE ES I LLC[1]	-	22,415
BE OLD I LLC[1]	-	8,274
Redcape Hotel Group	51,203	57,086
Other associates[2]	1,356	3,811
Total investments in associates and joint ventures	**52,559**	**91,586**

1 During the period, the Group obtained control of BE ES I LLC and BE OLD I LLC as a result of its acquisition of Blue Elephant (refer to note 23). The Group subsequently derecognised its investments in BE ES I LLC and BE OLD I LLC as associates.
2 Other associates represents the aggregate of the Group's remaining associates, that are not considered individually material to the Group, and therefore have not been separately disclosed.

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 2023 (30 June 2022: nil).

Further information on the Group's material investment, Redcape Hotel Group, is provided in note 11.2.

11.1 Details of ownership interest

			Proportion of ownership interest and voting power held by the Group	
Material associates	**Place of incorporation**	**Principal activity**	**30 Jun 2023**	**31 Dec 2022**
BE ES I LLC	United States of America	Specialty finance	-	49.6%
BE OLD I LLC	United States of America	Specialty finance	-	49.9%
Redcape Hotel Group	Australia	Owner and operator of hotels	10.9%	10.8%

11.2 Details of investments

Details of investment in Redcape Hotel Group

At 30 June 2023, the Group has a 10.9% direct equity investment in Redcape Hotel Group (Redcape) and funds managed by the Group own a further 29.3% of Redcape. During the period, the Group sold 1.0 million units in Redcape for $1.7 million. The Group earns trustee, asset manager, performance 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 role as responsible entity, asset manager and hotel operator.

Redcape owns or operates 35 hotels in New South Wales and Queensland. Redcape assessed their assets for impairment at 30 June 2023. The Directors are satisfied that the impairment testing performed by Redcape is reasonable, and that no additional impairment is required for the Group's investment in Redcape. Redcape has recognised a decrease in its net assets at 30 June 2023, of which the Group's share of the decrease has been equity accounted.

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
12 Contract assets and liabilities		
Contract assets		
Trail commission receivable – current	149,395	139,280
Trail commission receivable – non-current	501,204	467,952
Total contract assets	**650,599**	**607,232**
Contract liabilities		
Trail commission payable – current	140,489	131,061
Trail commission payable – non-current	471,347	440,304
Total contract liabilities	**611,836**	**571,365**

Through its mortgage aggregation platform, Finsure, the Group receives trail commissions from lenders on loans that have settled and were originated by authorised brokers. The Group also makes trail commission payments to authorised brokers. The carrying amount of the trail commission receivable (contract asset) and trail commission payable (contract liability) 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.

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 2023 Consolidated	31 Dec 2022 Consolidated
Discount rate per annum	4.75%	4.75%
Run-off rates[1]	Between 12.0% and 33.0%	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 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
13 Receivables		
Accounts receivable	5,798	11,461
Performance fee receivable	35,275	28,048
Management fee receivable	7,291	7,089
Transaction fee receivable	8,511	-
Commission receivable	34,246	31,950
Interest receivable	4,752	2,176
Receivables from associates	5,062	5,468
Other receivables	9,050	3,436
Loss allowance on receivables	(1,213)	(1,145)
Total receivables	**108,772**	**88,483**

14 Loans receivable

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Current		
Commercial loans[1]	566,820	320,486
Loans to employees	323	-
Loss allowance (note 15)	(1,194)	(684)
Total loans receivable – current	**565,949**	**319,802**
Non-current		
Commercial loans[1]	303,249	296,451
Residential mortgages	421,493	241,046
Loans to employees	2,090	2,211
Loss allowance (note 15)	(4,226)	(4,028)
Total loans receivable – non-current	**722,606**	**535,680**
Total loans receivable	**1,288,555**	**855,482**

1 Commercial loans are provided to corporates and special purpose entities. The loans have terms of between one month and five years and are either fully or partially secured against the assets of the borrowers.

14.1 Loans receivable by industry

Consolidated	Loans receivable $'000	Loss allowance $'000	Total $'000
30 June 2023			
Financial services	720,007	(3,338)	716,669
Professional services	144,572	(1,202)	143,370
Residential mortgages	421,493	(777)	420,716
Other	7,903	(103)	7,800
Total	**1,293,975**	**(5,420)**	**1,288,555**
31 December 2022			
Financial services	454,652	(2,379)	452,273
Professional services	149,275	(1,162)	148,113
Residential mortgages	241,046	(1,134)	239,912
Other	15,221	(37)	15,184
Total	**860,194**	**(4,712)**	**855,482**

15 Credit loss allowance

For receivables and loans receivable, 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. 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, 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.

The table below presents the gross exposure and related loss 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 2023			
Receivables	109,985	(1,213)	108,772
Loans receivable	1,293,975	(5,420)	1,288,555
Total	**1,403,960**	**(6,633)**	**1,397,327**
31 December 2022			
Receivables	89,628	(1,145)	88,483
Loans receivable	860,194	(4,712)	855,482
Total	**949,822**	**(5,857)**	**943,965**

15. 1 Movement in credit loss allowance by asset category

	Receivables $'000	Loans receivable $'000	Loans to associates $'000	Total $'000
Balance as at 1 January 2022	**(954)**	**(1,974)**	**(458)**	**(3,386)**
Credit loss allowance recognised in the statement of profit or loss	187	(536)	93	(256)
Loss allowance on 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)**
Credit loss allowance recognised in the statement of profit or loss	(320)	(1,309)	(2)	(1,631)
Reclassifications and other movements	61	83	367	511
Balance as at 31 December 2022	**(1,145)**	**(4,712)**	**-**	**(5,857)**
Credit loss allowance recognised in the statement of profit or loss	(152)	(708)	-	(860)
Reclassifications and other movements	84	-	-	84
Balance as at 30 June 2023	**(1,213)**	**(5,420)**	**-**	**(6,633)**

15 Credit loss allowance (continued)

15.2 Movement in credit loss allowance by ECL stage

	Lifetime ECL			
	Stage I $'000	Stage II $'000	Stage III $'000	Total ECL $'000
Balance as at 1 January 2022	**(3,386)**	**-**	**-**	**(3,386)**
Net credit impairment charges	(256)	-	-	(256)
Additions through business combinations	(700)	(300)	-	(1,000)
Reclassifications and other movements	(95)	-	-	(95)
Balance as at 30 June 2022	**(4,437)**	**(300)**	**-**	**(4,737)**
Net credit impairment charges	(904)	(30)	(281)	(1,215)
Reclassifications and other movements	95	-	-	95
Balance as at 31 December 2022	**(5,246)**	**(330)**	**(281)**	**(5,857)**
Net credit impairment charges	(906)	273	(227)	(860)
Reclassifications and other movements	101	-	(17)	84
Balance as at 30 June 2023	**(6,051)**	**(57)**	**(525)**	**(6,633)**

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
16 Other financial assets and liabilities		
Financial assets		
Current		
Financial assets held at FVTPL (equity securities)	640	640
Financial assets held at FVTOCI (equity securities)	6,600	11,600
Consolidated managed fund investments[1]	205,060	154,860
Total financial assets – current	**212,300**	**167,100**
Non-current		
Financial assets held at FVTPL (non-equity securities)	10,995	15,479
Financial assets held at FVTOCI (equity securities)	11,554	13,733
Total financial assets – non-current	**22,549**	**29,212**
Total financial assets	**234,849**	**196,312**
Financial liabilities		
Current		
Consolidated managed fund investments[1]	135,836	116,419
Total financial liabilities - current	**135,836**	**116,419**
Total financial liabilities	**135,836**	**116,419**

1 Net consolidated managed fund investments of $69.2 million at 30 June 2023 (31 December 2022: $38.4m) represents financial assets and liabilities of funds managed by the Group, that are deemed to be controlled by the Group at the reporting date as a result of a strategic co-investment held by the Group in the fund. Refer to further information in note 23.2.

17 Intangible assets

	Goodwill $'000	Customer relationships, brand names and trademarks $'000	Management rights and agreements $'000	Software $'000	Total $'000
30 June 2023					
Cost					
Balance as at 1 January 2023	**128,169**	**44,000**	**22,939**	**10,499**	**205,607**
Additions	-	-	-	1,526	1,526
Additions through business combinations (note 23)	13,081	-	-	-	13,081
Effects of movements in exchange rates	(22)	-	-	-	(22)
Balance as at 30 June 2023	**141,228**	**44,000**	**22,939**	**12,025**	**220,192**
Amortisation and impairment losses					
Balance as at 1 January 2023	**-**	**(3,405)**	**(14,034)**	**(3,150)**	**(20,589)**
Amortisation expense for the period	-	(420)	(1,300)	(440)	(2,160)
Balance as at 30 June 2023	**-**	**(3,825)**	**(15,334)**	**(3,590)**	**(22,749)**
Carrying amount as at 30 June 2023	**141,228**	**40,175**	**7,605**	**8,435**	**197,443**
31 December 2022					
Cost					
Balance as at 1 January 2022	**14,010**	**-**	**22,939**	**4,182**	**41,131**
Additions	-	-	-	4,017	4,017
Additions through business combinations	114,159	44,000	-	2,300	160,459
Balance as at 31 December 2022	**128,169**	**44,000**	**22,939**	**10,499**	**205,607**
Amortisation and impairment losses					
Balance as at 1 January 2022	**-**	**-**	**(11,318)**	**(1,918)**	**(13,236)**
Amortisation expense for year	-	(3,405)	(2,716)	(1,232)	(7,353)
Balance as at 31 December 2022	**-**	**(3,405)**	**(14,034)**	**(3,150)**	**(20,589)**
Carrying amount as at 31 December 2022	**128,169**	**40,595**	**8,905**	**7,349**	**185,018**

During the period, the Group acquired Blue Elephant and recognised $13.1 million of goodwill. Refer to note 23 for further detail on the acquisition.

Included in the deferred tax liability of the Group as at 30 June 2023 is an amount of $13.3 million (31 December 2022: $13.9 million) relating to the intangible assets recognised from the acquisition of subsidiaries.

Impairment assessment of intangible assets

At 30 June 2023, the Group assessed its intangible assets for impairment with no indicators of impairment identified, including goodwill acquired during the period. For goodwill brought forward at the beginning of the period, goodwill is allocated to the Group's cash-generating units (CGUs) that align with the Group's operating segments as disclosed in note 2. The recoverable amount of each CGU is determined based on the value-in-use calculations that utilise five-year cash flow projections plus a terminal value based on the financial forecasts approved by management.

No impairment charge was recognised during the period as the recoverable amount of each CGU was determined to be in excess of the carrying amount.

17 Intangible assets (continued)

The following CGUs represent the carrying amounts of goodwill:

	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	Terminal growth rates		Pre-tax discount rates		$'000	$'000
Asset Management	11.5%	11.5%	12.5%	12.5%	25,743	12,684
Lending and Technology	12.0%	12.0%	13.0%	13.0%	114,159	114,159
CA&E	10.0%	10.0%	11.0%	11.0%	1,326	1,326
Total					**141,228**	**128,169**

Sensitivity analysis

Management considered, for all CGUs, that reasonable changes in key assumptions, such as an increase in the discount rate by 2.5% and a decrease in the growth rate by 1%, leaving all other assumptions constant, would not result in the carrying amount exceeding the value in use for any of the CGUs. The sensitivity analysis was done on the basis that a reasonably possible change in each key assumption would not have a consequential impact on other assumptions.

Amortisation of intangible assets

Goodwill is allocated to cash-generating units (CGUs) and is not amortised. Brand names have an indefinite useful life and are not amortised. For intangible assets which are amortised, the useful lives for the current and comparative periods are as follows:

- Management rights: the forecast profile of the profit generated
- Customer relationships and property management agreements: the expected life of the contracts
- Software and trademarks: 3 to 10 years

Useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
18 Right-of-use assets		
Right-of-use assets – at cost	83,288	71,038
Less accumulated amortisation	(14,143)	(9,265)
Total right-of-use assets	**69,145**	**61,773**
Balance at the beginning of the period	61,773	9,874
Additions	11,674	60,263
Additions through business combinations (note 23)	562	990
Lease modification	-	(1,281)
Amortisation expense for the period	(4,864)	(8,073)
Balance at the end of the period	**69,145**	**61,773**

During the period, a commercial lease commenced for additional 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.

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
19 Borrowings		
Current		
Unsecured notes – limited recourse	30,030	30,030
Mortgage trust notes	379,353	216,475
Debt facility[1]	25,000	-
Total borrowings – current	**434,383**	**246,505**
Non-current		
Unsecured notes	65,000	65,000
Unsecured notes – limited recourse	80,000	60,000
Fund preferred units	814,506	568,584
Total borrowings – non-current	**959,506**	**693,584**
Total borrowings	**1,393,889**	**940,089**

1 The Group has a $40.0 million debt facility with a major domestic bank. The undrawn facility at 30 June 2023 is $15.0 million.

(a) Unsecured notes programme

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.

(i) Unsecured notes

	MA Bond IV	MA Bond VI
Classification	Non-current	Non-current
Issue	2020	2022
Maturity date	Sep 2024	Sep 2027
Amount ($m)	40.0	25.0
Interest rate per annum	5.85%	5.75%

(ii) Unsecured notes – limited recourse

	MACI Bond	MACPI Bond	MALI Bond
Classification	Current	Non-current	Non-current
Issue	2019	2021	2023
Maturity Date	May 2024	Dec 2027	May 2028
Amount ($m)	30.0	70.0	10.0
Interest rate per annum	RBA + 4.35%	RBA + 4.00%	RBA + 10.25%

The MACI and MACPI 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 has a five-year stated maturity, however 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 and resets in February and August of each year. No redemptions of the MACI Bond has occurred during the half-year ended 30 June 2023 (year ended 31 December 2022: nil).

19 Borrowings (continued)

(a) Unsecured notes programme (continued)

(ii) Unsecured notes – limited recourse (continued)

MACPI Bond

The MACPI Bond has a six-year maturity with the interest rate calculated at a margin of 4.00% over the RBA cash rate and resets in February and August of each year. $10.0 million of additional funds were raised during the period (year ended 31 December 2022: $35.0 million). The MACPI Bond facilitates investments for note investors with assets restricted for the benefit of those investors.

MALI Bond

During the period, $10.0 million was raised via the issuance of the MALI Bond. The MALI Bond has a five-year term with the interest rate calculated at a margin of 10.25% over the RBA cash rate. The MALI Bond is limited in recourse only to the assets of the issuer. If proceeds from those assets are insufficient to repay or redeem the notes, then there will be no further recourse to the broader assets of the Group.

(b) Fund preferred units

MA Priority Income Fund (PIF) and MA USD Priority Income Fund (USD PIF)

The Group manages the PIF and USD PIF. The Funds provide investors with exposure to a diversified portfolio of credit investments via an investment in Class A Units (Fund Preferred Units) in MA Master Credit Trust and MA USD Master Credit Trust (MCTs). As a co-investment, the Group holds Class B Units in the respective MCTs. The MCTs are consolidated entities of the Group.

Fund Preferred Units receive a preferential distribution from the realised profits of the MCTs. The Class B Units held by the Group receive any excess distributable profits after paying the preferential distribution on the Fund Preferred Units and any MCT expenses. The Class B Units held by the Group also provides investors with a "first loss" capital buffer which affords the Fund Preferred Units preferential treatment on distribution and wind-up of the MCTs. The Group's maximum economic exposure is limited to the value of the Class B Unit.

Redemptions of the Fund Preferred Units are at the discretion of the MCTs 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.

	PIF	USD PIF
Classification	Non-current	Non-current
Fund Preferred Units:		
30 June 2023 ($m)	792.4	22.1
31 December 2022 ($m)	544.8	23.8
Fund Preferred Units preferential distribution	RBA cash rate + 4.00%	SOFR[1] + 3.50%
Class B Units "first loss" co-investment:	10%	10% reducing to 5%
30 June 2023 ($m)	79.2	2.2
31 December 2022 ($m)	54.5	2.4

1 Secured Overnight Financing Rate

(c) Mortgage trust notes

The Group originates loans to customers across Australia which are funded via mortgage trust notes in warehouse trusts. The notes are collateralised by residential mortgages, advances and cash residing in the warehouse trusts. If the facilities under which the mortgage trust notes are issued are not renewed, or should there be a default under the existing terms and conditions, the funders of the mortgage trust notes will not have a right of recourse against the Group. All facilities mature within the next 12 months from balance date.

At 30 June 2023, the unutilised mortgage trust note facilities is $716.2 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 for the asset or liability are not based on observable market data (unobservable inputs).

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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

	Carrying amount			Fair value			
	FVTPL $'000	FVTOCI $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2023							
Financial assets measured at fair value							
Loans receivable	6,365	-	6,365	-	-	6,365	6,365
Non-equity securities	10,995	-	10,995	-	-	10,995	10,995
Equity securities	640	18,154	18,794	640	18,154	-	18,794
Consolidated managed fund investments	-	205,060	205,060	-	205,060	-	205,060
	18,000	**223,214**	**241,214**	**640**	**223,214**	**17,360**	**241,214**
31 December 2022							
Financial assets measured at fair value							
Loans receivable	6,223	-	6,223	-	-	6,223	6,223
Non-equity securities	15,479	-	15,479	-	550	14,929	15,479
Equity securities	640	25,333	25,973	528	25,445	-	25,973
Consolidated managed fund investments	-	154,860	154,860	-	154,860	-	154,860
	22,342	**180,193**	**202,535**	**528**	**180,855**	**21,152**	**202,535**

20 Financial instruments (continued)

Valuation techniques and key inputs

Level 1: Quoted bid prices in an active market.

Level 2: Inputs other than quoted prices, that are observable, such as unit prices or based on recent transactions.

Level 3: 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.

Level 3 assets consist of loans receivable classified as FVTPL and unlisted investments where a best estimate valuation approach is used. Loan valuations are sensitive to changes in credit spreads and discount rates in determining their fair value. Changes in either of these inputs woud have an impact on the net profit of the Group. The valuation of unlisted investments is sensitive to variations in unobservable inputs such as cash flow projections and discount rates. An increase or a decrease to the inputs into the valuations would result in an increase or a decrease to the net profit of the Group.

The Group reviewed its valuation techniques and key inputs for its level 2 and level 3 assets 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.

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

Reconciliation of balances in Level 3 of the fair value hierarchy

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Loans receivable $'000	Non-equity securities $'000	Total $'000
Balance at 1 January 2022	**5,482**	**23,677**	**29,159**
Drawdowns and additions	3,053	-	3,053
Disposals and repayments	(2,245)	(8,812)	(11,057)
Fair value movements recognised in profit or loss	(67)	64	(3)
Balance at 31 December 2022	**6,223**	**14,929**	**21,152**
Drawdowns and additions	845	-	845
Disposals and repayments	(685)	(4,193)	(4,878)
Fair value movements recognised in profit or loss	(18)	259	241
Balance at 30 June 2023	**6,365**	**10,995**	**17,360**

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

21 Contributed equity

	30 Jun 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Ordinary share capital	370,382	354,057
Treasury shares	(90,647)	(78,970)
Total contributed equity	**279,735**	**275,087**

The Company had authorised share capital at 30 June 2023 amounting to 178,298,828 ordinary shares (31 Dec 2022: 175,073,933). 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.

Share buy-back

On 20 October 2022, the Group announced an on-market share buy-back of up to $25.0 million. The program started on 4 November 2022 and will end on 3 November 2023. During the period, the Company purchased 236,000 shares at an average price of $4.35 per share. Shares acquired under the buy-back were subsequently cancelled resulting in a reduction of the paid-up share capital of the Company.

21 Contributed equity (continued)

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

During the period, the Group purchased 1,000,000 shares on-market (year ended 31 December 2022: 1,000,000 shares) and no shares were purchased via off-market transfer from its employees during the staff trading window (year ended 31 December 2022: 496,448 shares) in order to meet the requirements of the Group's share based payment awards. The average price of all share purchases during the period was $4.39 (year ended 31 December 2022: $6.63).

Shares issued for the Long Term Incentive Plan

During the period, the Company issued 3,420,530 (year ended 31 December 2022: 2,668,356) 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. The average issue price of the shares was $4.43 (year ended 31 December 2022: $7.28). 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 table below details the options that eligible employees of the Group exercised during the period.

Number of options at 1 January 2023	Acquired by	Exercise price of option	Options forfeited during the period	Options exercised during the period	Number of options at 30 June 2023
351,747	Employees	$3.15	-	351,747	-
1,134,666	Employees	$3.35	10,000	466,094	658,572
1,486,413			**10,000**	**817,841**	**658,572**

22 Related parties

Remuneration arrangements of key management personnel (KMP) are disclosed in the 2022 annual financial report. Annual bonuses accrued in December 2022 for KMP consisted of cash and deferred equity. The cash component of the annual bonus was fully paid to KMP in March 2023, with the exception of Mr A Pridham's deferred component which was awarded as cash to be paid in line with the vesting schedule for the restricted shares provided to other KMP. The remaining deferred equity component of the bonus was granted to KMP as restricted shares in March 2023 and is subject to vesting conditions. During the period, the Company issued 1,860,620 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

23.1 Business acquisitions

On 1 May 2023, the Group acquired 100% of the issued share capital of Blue Elephant Capital Management LLC, Blue Elephant Partner LLC and Blue Elephant Financing LLC (collectively Blue Elephant), obtaining control of Blue Elephant. The purchase consideration was for US$8.7 million (AU$13.1 million), being US$5.0 million (AU$7.6 million) in cash and US$3.7 million (AU$5.6 million) in contingent consideration at fair value on the date of acquisition. Blue Elephant is a New York based, SEC-registered specialty credit asset manager.

Blue Elephant qualifies as a business as defined in AASB 3 *Business Combinations*.

The initial accounting for the acquisition of Blue Elephant has 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)

23.1 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 2023.

	Total $'000
Fair value of net assets acquired	
Cash and cash equivalents	1,076
Receivables	837
Investments	34
Right-of-use assets	562
Trade and other payables	(2,443)
Total fair value of net assets acquired	**66**
Consideration	
Cash	7,572
Contingent consideration	5,575
Total consideration transferred	**13,147**
Goodwill recognised on acquisition	**13,081**
Net cash outflow arising on acquisition	
Cash consideration	7,572
Less: cash and cash equivalent balances acquired	(1,076)
Total net cash outflow arising on acquisition	**6,496**

Goodwill

The goodwill of $13.1 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 $1.0 million comprising legal fees and due diligence costs were included in the Group's consolidated statement of profit or loss and other comprehensive income.

Contingent consideration

The Group has agreed to pay cash and Group shares at different percentage rates and if certain hurdles are met. The Group has included $5.6 million as contingent consideration which represents its fair value at the date of acquisition.

Contribution to the Group's results

Blue Elephant contributed $0.6 million of revenue and $0.1 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 Blue Elephant had been completed on the first day of the period, Group revenue contribution for the half-year ended 30 June 2023 would have been $1.8 million and Group profit before tax contribution would have been $0.6 million loss. 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 2023 and to provide a reference point for comparison in future half-years.

23.2 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 either associates or other financial assets in the consolidated statement of financial position.

24 Commitments

At 30 June 2023, the Group had undrawn loan commitments of $291.6 million (31 December 2022: $144.4 million). Subsequent to 30 June 2023, $37.4 million of this commitment was either cancelled or drawn upon.

At 30 June 2023, 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 2023, $79.2 million (31 December 2022: $54.5 million) and $2.2 million (31 December 2022: $2.4 million) has been invested by the Group in MCT and USD MCT respectively. Refer to further information in note 19(b).

25 Events after the reporting date

There were no material events subsequent to 30 June 2023 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

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