Hancock & Gore Ltd

(Formerly: HGL Limited)

ASX: HNG

Appendix 4E

Preliminary Final Report
Year ended 30 September 2022

Reporting period:	30 September 2022
Previous corresponding period:	30 September 2021

Results for announcement to the market

				Current Period $'000	Previous Period $'000
Revenues from ordinary activities	UP	79%	TO	**4,429**	2,476
Profit from ordinary activities after tax attributable to members	DOWN	64% *	TO	**5,600**	15,599
Net profit for the period attributable to members	DOWN	64% *	TO	**5,600**	15,599
Earnings per share (cents per share)	DOWN	76% *	TO	**2.7**	11.6
Net tangible assets per share (cents per share)	UP	7%	TO	**28.1**	26.3

Explanation of results

* The previous period results included a one-off net revaluation gain upon the initial change to investment entity reporting. Accordingly, the headline performance measures, and percentage changes, as shown above, are not considered wholly representative of the actual comparative financial performance.

A detailed explanation of the financial performance for the year is contained in the Operating and Financial Review within the Directors report.

Dividends

On 24 November 2022, the directors declared a fully franked final dividend for the year ended 30 September 2022 of 1.0 cent per share to be paid on 12 December 2022. The dividend reinvestment plan will not apply to this dividend.

During the year, Hancock & Gore Ltd ("the Company") paid the following fully franked dividends:

- Final dividend of 1.0 cent per share for the year ended 30 September 2021 paid on 3 December 2021;
- Interim dividend of 0.5 cents per share for the year ended 30 September 2022 paid on 30 September 2022; and
- Special dividend of 0.5 cents per share for the year ended 30 September 2022 paid on 30 September 2022.

Changes in controlled entities

The Company reports as an investment entity, as defined in the accounting standards. Accordingly, only the Company and those controlled entities whose main purpose and activities relate to the investment activities of the group are consolidated, and other controlled entities are instead shown as investments held at fair value.

Changes in respect of controlled entities forming part of the investment entity, and controlled entities that were not consolidated but shown as investments, are shown in note 25 of the financial report.

Audit

This report is based on accounts which have been audited. There has been no dispute or qualification in relation to these accounts or this report.

Hancock & Gore Ltd

(*formally HGL Limited)*

ABN 25 009 657 961

Annual financial report
30 September 2022

Corporate directory

Directors	Alexander (Sandy) Beard B.Com, FCA, MAICD *Chair* Kevin Eley CA, F Fin, FAICD *Director* Peter Miller FCA, FAICD *Director* Cheryl Hayman B Com, FAICD *Director* Joseph Constable BA (Hons), MPhil *Director*
Company Secretary	Michael Bower BSc (Hons) CA FCA
Registered office	Suite 803, Level 8 25 Bligh Street Sydney NSW 2000 Australia
Principal place of business	Suite 803, Level 8 25 Bligh Street Sydney NSW 2000 Australia
Share registry	Computershare Investor Services Pty Ltd Level 4, 60 Carrington Street Sydney NSW 2000 1300 855 080
Auditor	UHY Haines Norton Sydney Level 11, 1 York Street Sydney NSW 2077
Stock exchange listings	ASX: HNG (not HGL)
Website address	www.hancockandgore.com.au

Directors' report

The directors of Hancock & Gore Ltd (“the Company”) and its controlled entities (“the Group”) submit their report for the year ended 30 September 2022.

Directors

The names and details of Hancock & Gore Ltd (“the Company”)’s directors in office during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Alexander (Sandy) Beard
Kevin Eley
Peter Miller
Cheryl Hayman
Joseph Constable

Alexander (Sandy) Beard, B.Com, FCA, MAICD (Chair)

Executive Chair, appointed 29 October 2020. Alexander ‘Sandy’ Beard has been a Director of numerous public and private companies over the past 25 years. He is the former Chief Executive Officer of CVC Limited (ASX:CVC). He is a professional investor and has extensive experience with investee businesses, both in providing advice, assisting in acquisitions and divestments, capital raisings and in direct management roles, especially bringing management expertise to small cap companies in driving shareholder returns. Sandy is a Director of Centrepoint Alliance Ltd (ASX:CAF), Anagenics Limited (ASX:AN1) and FOS Capital Ltd (ASX:FOS). Sandy was a director of Pure Foods Tasmania Limited (ASX:PFT), until May 2022.

Kevin Eley, CA, F Fin, FAICD (Director)

Non-executive Director, appointed 1985. Chair 5 June 2020 to 29 October 2020. Kevin Eley is a Chartered Accountant with significant executive and director experience, including as Chief Executive Officer of the Company from 1985 to 2010. Kevin has been the lead director on the board for Audit and Risk matters since 2018. He is a director of EQT Holdings Ltd (ASX: EQT) and Pengana Capital Group Ltd (ASX: PCG) and was a Director of Milton Ltd (ASX: MLT) until it was taken over by Washington H. Soul Pattinson in October 2021.

Peter Miller, FCA, FAICD (Director)

Non-executive Director, appointed 2000. Peter Miller is a Chartered Accountant with over 45 years experience in public practice. Peter was Chair of the Company for many years and was also a member of the Nomination and Remuneration Committee, and of the Audit and Risk Committee until their functions were absorbed by the full board.

Cheryl Hayman, B.Com, FAICD (Director)

Non-executive Director, appointed 2016. Cheryl Hayman brings international experience including significant strategic and marketing expertise derived from a 20 year corporate career which spanned local and global consumer retail organisations. Her skills include developing marketing and business strategy across diverse industry segments, growth orientated innovation and product development. Cheryl has expertise in traditional and digital communications and business transformation. Cheryl is the lead director on the board for Nomination and Remuneration matters. Cheryl is a director of Beston Global Food Company Ltd (ASX: BFC) and Ai-Media Technologies Limited (ASX: AIM), a director of Chartered Accountants ANZ, as well as other unlisted and not-for-profit companies.

She was a director of Clover Corporation Ltd (ASX: CLV) until November 2020, and of Shriro Holdings Ltd (ASX: SHM) until March 2022.

Joseph Constable, BA(Hons), MPhil (Director)

Executive Director, appointed 30 June 2020. Joseph has seven years experience in equity markets. He is a Portfolio manager and Responsible manager for H&G Investment Management Ltd (formerly Supervised Investments Australia Ltd). He has previous investment experience at Hunter Hall International and UK-based Smith and Williamson. Joseph has a Bachelor of Arts with Honours from the University of Melbourne and a Master of Philosophy from the University of Oxford. Joseph brings to the board research and analytical skills in addition to knowledge of investing in public markets. Joseph is a director of H&G High Conviction Limited (ASX: HCF) and Po Valley Energy Limited (ASX: PVE).

Interests of Directors in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Hancock & Gore were:

	Number of Options	Number of direct shares	Number of indirect shares
Alexander (Sandy) Beard	6,000,000	9,390,724	15,333,235
Kevin Eley	-	-	3,577,240
Peter Miller	-	234,469	25,549,971
Cheryl Hayman	-	-	744,030
Joseph Constable	-	425,872	-

Entities related to Alexander Beard (200,000 units), Kevin Eley (100,000 units), Peter Miller (100,000 units), Cheryl Hayman (50,000 units), hold ordinary units in the DP Trust a related body corporate of the Group.

Key management personnel

The following names and details are of the other key management personnel of the Company. Other key management personnel were in office for the entire period unless otherwise stated.

Investment Director

Nicholas Atkinson, MBA, B.Com, GradDipAppFin

Nicholas is Investment Director of the Group, appointed 21 June 2021. Nicholas has more than 25 years of investment experience spanning capital markets, corporate finance, and investment management. He served as the Executive Director of Institutional Equities at Morgans Financial for 14 years, where he oversaw the growth of the division's profitability. Having gained global experience in London and New York, Nicholas has expertise in the Energy, Healthcare and Small-Capitalization sectors. He has a passion for assisting companies grow organically and through acquisitions. Nicholas is a director of H&G High Conviction Limited (ASX: HCF).

Investment Director

Phillip Christopher, BEc, BCom

Phillip has been an Investment Director of the Group since 17 May 2021. Phillip has over 12 years of experience across private equity, capital markets and investment management. Prior to joining the Group he was a Director in Private Equity at Alceon Group and a member of the Investment Banking Division of Goldman Sachs. Phillip is a director of Anagenics Limited (ASX:AN1).

Company Secretary

Michael Bower BSc (Hons) CA FCA

Michael was appointed Company Secretary on 29 March 2022. Michael has over 25 years' experience in finance and investment roles in Australia, the United Kingdom and New Zealand, including 17 years at CVC Limited (ASX: CVC), initially as Chief Financial Officer and Company Secretary and then as Investment Analyst and Manager. Michael is a Chartered Accountant and member of both Chartered Accountants Australia and New Zealand and the Institute of Chartered Accountants in England and Wales. Michael has a Bachelor of Science (Honours) in Chemistry from the University of Durham.

Chief Financial Officer and Company Secretary

Iain Thompson,BEc (Accg), CA, Grad dip CSP, FGIA, GAICD

Resigned effective 29 March 2022 to take on equivalent roles at Mountcastle Group, a major investee of the Group. Iain was appointed CFO / Company Secretary in 2015, Iain has 30 years’ experience in finance and company secretarial roles, including over a decade at ASX listed Brickworks Ltd. He also has directorship experience in the Not For Profit sector, focusing on early childhood intervention. Iain is a Chartered Accountant, a member of the Governance Institute of Australia, and a member of the Australian Institute of Company Directors.

Dividends

During the year, the Company paid the following fully franked dividends:

- Final dividend of 1.0 cent per share for the year ended 30 September 2021 paid on 3 December 2021;
- Interim dividend of 0.5 cents per share for the year ended 30 September 2022 paid on 30 September 2022; and
- Special dividend of 0.5 cents per share for the year ended 30 September 2022 paid on 30 September 2022.

Since the end of the financial year the directors have declared a fully franked final dividend for the year ended 30 September 2022 of 1.0 cent per share to be paid on 12 December 2022. The dividend reinvestment plan will not apply to this dividend.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) was established by the directors to provide shareholders with the opportunity of reinvesting their dividends in ordinary shares in the Company. No brokerage is payable if shares are allotted under the DRP. Participation is open to shareholders with a registered address in Australia or New Zealand and holding more than 1,000 shares. During the year the Directors determined that the DRP would not be in operation and there were no shares issued under the DRP.

Share buy-back

There were no shares bought back during the current financial year

Principal activities

During the period the principal activities of the Group consisted of management of a diversified investment strategy with the objective to deliver consistent dividends and long term capital growth.

The investment strategies include management of a portfolio of diversified assets, including ASX listed equities – both passive and strategic, unlisted equities including mature private businesses and earlier emerging companies, fixed income producing investments, funds management activities, and direct and indirect investment in property assets.

The Group provides active support to those investees in which we hold a significant equity stake, including directorship capabilities, facilitation of management services and secondment of personnel.

Operating and financial review

Overview

The Group continued to refine and expand its investment approach and capabilities during the financial year ended 30 September 2022 with a further well-supported capital raising, recruitment of additional new team members and active management of its portfolio of investments, which included the divestment of long-term investee companies and focus on owner operated businesses.

Statutory Net Profit after Tax of $5.6 million was reported, which included:

- Realisations from the portfolio of private equity investments;
- Dividend income, recoupment of costs and other transactions with investees;
- Share trading profits;
- Management and performance fees from funds management activities;
- Net revaluation gains on private equity investments; and
- Interest income from fixed interest and convertible note investments.

The Group has adopted an 'investment entity' accounting approach since the start of the financial year ended 30 September 2021, where investee entities are recognised on the balance sheet at fair value, with changes in the value during the reporting period recognised through profit and loss. A key profit measure adopted by the board following this change is Adjusted net profit before tax. This removes unrealised revaluation gains on unlisted investments in the period but adds back similar gains from prior periods now crystallised, and is considered to provide a better indication of distributable earnings:

	2022 $'000's	**2021 $'000's**
Net profit before income tax	**5,703**	15,235
Less: revaluation gains on unlisted investments in the current year (*1)	**(3,154)**	(10,634)
Add: prior year unrealised gains crystallised in respect of Pegasus Healthcare	**3,325**	-
Adjusted net profit before tax	**5,874**	4,601

**1 BLC Cosmetics is treated as realised in the prior period, as the 30 September 2021 valuation reflected an agreed sale price.*

Net assets at 30 September 2022 were $64.1 million. Net Tangible Assets were 28.1 cents per share. These amounts do not reflect contingent tax assets in respect of $17.7 million of carry forward tax losses which are not reflected on the balance sheet. These losses remain subject to satisfaction of the Continuity of Ownership Test or Same Business Test prior to usage.

Dividends and Capital management

The Group paid fully franked dividends of 2.0 cents per share during the financial year ended 30 September 2022

The full year 2022 performance of the Group has allowed Directors to declare a fully franked final dividend of 1.0 cent per share to shareholders to be paid on 12 December 2022.

The Company was able to expand and diversify the balance sheet during the year following a strongly supported private placement announced in November 2021 which raised $15.0 million at a price of 33 cents per share.

These funds have been used to invest in new and existing investments. At balance date the Group held $13.5 million in cash.

Portfolio

Significant changes to the portfolio of investments improved the diversification and liquidity of the portfolio during and subsequent to the end of the financial year, as follows:

- The Group completed the sale of its 70% interest in Pegasus Healthcare Group for approximately $10 million cash to LINET Australia in September 2022. The sale price represents a 120% uplift from the Group's initial investment of $4.5 million in March 2018, and an approximate $2.6 million uplift, or $2.3 million after adjusting for put and call options, on the carrying value as reported in the Group's 30 September 2021 balance sheet;
- Mountcastle completed a number of capital management initiatives, including share buybacks, during the year. The Group also invested a further $1.2 million. The combined effect increased the Group's ownership of Mountcastle to 49.4% (up from 39.7% at 30 September 2021). Mountcastle also distributed dividends of approximately $1.5 million to The Group during the year;
- The Group completed its first syndicated investment, raising $8.4 million in a Group-managed trust (including a net $5.9 million contribution by the Group) to invest growth capital (unlisted preferred equity) into Disruptive Packaging, an innovative global closed-loop recyclable packaging inventor, manufacturer and marketer. The Group has board representation in an active sponsor role and expects Disruptive Packaging to be a key long-term investee pillar of the Group portfolio;
- The Group further developed its funds management business through the restructure of the H&G High Conviction Fund into H&G High Conviction Limited (ASX code: HCF). H&G High Conviction Limited is managed by the Group's wholly owned subsidiary H&G Investment Management Ltd (HGIM). H&G High Conviction Limited launched its IPO in September 2022, which closed following the year-end with approximately $22 million in equity, including receiving a $3m investment by funds managed by Perennial Investment Management. The listing of HCF provides the Group with a fee generating and scalable source of funds under management.
- The Group completed the sale of its 100% owned subsidiary BLC Cosmetics to ASX Listed Anagenics (ASX: AN1) for $1.2 million cash and 32,786,885 million Anagenics shares in November 2021. The Group holds a substantial holding in Anagenics and has taken an active role as a supportive strategic shareholder with board representation. As part of the BLC Cosmetics transaction, the Group is entitled to earn-out consideration from Anagenics of approximately $1.05 million payable in cash and Anagenics shares (subject to Anagenics shareholders' approval);
- The Group's ASX trading portfolio, excluding core holdings in Anagenics and FOS Capital acquired through business disposals, of approximately $10 million had a strong first half of the financial year delivering annualized returns exceeding 20% per annum. Strong market declines through April through to June significantly eroded gains made in first half, but returns significantly improved from July through to September, allowing the portfolio to finish the year with an annualized return of approximately $1 million or 10% per annum; and
- The Group also established a new syndicated investment through the Hyde Rd Trust to acquire a property in Brisbane occupied and previously 50% owned by Mountcastle. The transaction involved Mountcastle shareholders rolling over their look-through 50% equity interest and the Group contributing $2.8 million of new funding. Settlement occurred just after year-end, on 4 October 2022, and gives the Group a 73% equity interest in the property. The Hyde Rd property is a high yielding asset with strong tenancies and substantial long term development potential which we will actively look to reposition.

A pipeline of further opportunities remain under active consideration.

The Mountcastle Group, the Group's largest investment, is a supplier of school and corporate wear. Mountcastle performed strongly during the year reporting record revenue and earnings despite the impact of COVID and associated closure of schools at times during the year. The team are excited about the opportunities available to Mountcastle and continue to work closely with management and other shareholders to develop opportunities to further enhance the value of this investment.

The following table, based on unaudited management reporting for Mountcastle, for the years ended 30 June, provides further information on the Mountcastle investment:

	2022	2021
Revenue ($'millions)	49.3	47.5
EBITDA ($'millions)	10.4	9.5
Group's ownership interest	49.4%	39.7%
Group's carrying value ($'millions)	21.1	16.7

Outlook

The Board remains focused on increasing value for shareholders through a combination of:

- Driving growth and value of investee companies by assisting with M&A, capital management and strategy;
- Progressive realisation of portfolio investments, and redeployment of capital into new growth opportunities;
- Diversification of the investment base to other asset categories;
- Increasing funds under management across existing managed vehicles and new vehicles;
- Continued building of the investment and support team; and
- Continued dividend payments based on realised earnings.

The Group believes the refinement of the portfolio over the past 12 months has positioned it well to drive realisable value from existing investments, deploy surplus cash into new investments and broaden revenue streams from off balance sheet funds under management.

Risk management

The achievement of the Group's business objectives may be affected by internal and external variables potentially impacting the operational and financial performance of the business. The Group has an Enterprise Risk Management and Reporting System, which identifies strategic and operational risks and specifies mitigation actions and is reported to the board.

Key risks for the Group include:

Loss of value of investments risk

The Group has a diversified portfolio of investments which are exposed to a variety of external inputs. It is possible that broad macro-economic changes outside the direct control of management may lead to a significant reduction in value of the investee companies.

Loss of Key Management Personnel risk

The Group has a small team of key executives with responsibility for assessing and deciding the allocation of capital between investments. A loss of one or more of these key persons may have a negative impact on future investment performance.

Funding risk

The Group has identified a significant pipeline of potential investments but has a limited capital base from which to make these investments. An inability to access future capital, whether caused by a lack of investor appetite or lack of other third-party funding options (including bank financing) could result in the Group being unable to pursue valuable opportunities.

COVID-19 risk

The Group's operations are subject to disruption from Government responses to COVID-19. Further, some of the Group's investee companies are reliant on supply chains from overseas markets that have been impacted by COVID-19.

Cyber / IT risk

The Group and investee companies are highly reliant on information systems for their management, including for supplier and sales processes. While many of these systems are provided by reputable third parties and hosted in safe 'cloud' environments, they could still be subject to failure or attack by various actors seeking to cause disruption.

Environmental, sustainability and climate risks

The Group is exposed to both financial and reputational risks from investing in entities that potentially cause negative environmental and sustainability impacts and/ or are exposed to climate risks. This includes impacts on the value of investments from investment community policies and regulatory responses.

Regulatory risk

The Group holds an Australian Financial Services Licence ("AFSL") which allows it to conduct investment activities on behalf of third-party investors and requires the Group to comply with strict obligations. A loss of the AFSL, or changes in the regulatory environment more generally, could significantly inhibit the ability of the Group to conduct its activities and earn management, performance and other fees.

The above list does not cover all the risks that could apply to the Group.

Environmental regulation

Although our operations have limited environmental impact, the consequences of business decisions on the environment are seriously considered. Although we have little exposure to environmental risks, we strive to be environmentally responsible and embrace technologies and processes that limit environmental impact.

Significant changes in the state of affairs

During the period the Group undertook a further capital raising to provide additional capital to pursue a number of new investments.

There have been no other significant changes in the state of affairs of the Group during the year other than those referred to in the Operating and Financial Review.

Events since the end of the financial year

On 4 October 2022, the Hyde Road Trust, in which the Group holds a 73% interest, acquired a property at 20 Cansdale Street & 103 Hyde Road, Yeronga, Queensland, for $10 million from the Hyde Road Partnership. The equity components of the acquisition were funded by an in-specie capital return and dividend from Mountcastle Pty Ltd of $3.2 million, of which the Group's share was $1.6 million, and an additional contribution from the Group of $2.8 million.

On 25 October 2022, H&G High Conviction Limited (ASX: HCF), a company managed by the Group, listed on the Australian Stock Exchange. In conjunction with the listing, H&G High Conviction Limited raised $5.2 million of which the Group subscribed $854,252 for 869,114 shares.

On 24 November 2022, the Company declared a fully franked final dividend in respect of the financial year ended 30 September 2022 of 1.0 cent per share.

There have been no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Likely developments and expected results of operations

Likely developments in the operations of the Group are detailed in the Operating and Financial Review and Events subsequent to balance date.

Meetings of directors

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Number of Directors' meetings held	9
Number of meetings attended:	
Alexander Beard	9
Kevin Eley	9
Peter Miller	8
Cheryl Hayman	9
Joseph Constable	9

Proceedings on behalf of the company

There were no proceedings brought by or on behalf of the Company at any time during or since the end of the financial year.

Remuneration report (audited)

The remuneration report outlines the director and executive remuneration arrangements of the Company for the 2022 financial year, in accordance with the requirements of the Corporations Act 2001 and its Regulations. It has been audited in accordance with section 300(A) of the Corporations Act 2001.

Details of Key Management Personnel

Key Management Personnel (KMP) are those individuals with authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director of the parent. The list below outlines the KMP of the Group during the financial year ended 30 September 2022. Unless otherwise indicated, the individuals were KMP for the entire financial year.

Directors

Alexander (Sandy) Beard	Executive Chair
Kevin Eley	Non-Executive Director
Peter Miller	Non-Executive Director
Cheryl Hayman	Non-Executive Director
Joseph Constable	Executive Director

Executives

Nicholas Atkinson	Investment Director
Phillip Christopher	Investment Director
Michael Bower	Company Secretary (appointed 29 March 2022)
Iain Thompson	Chief Financial Officer and Company Secretary (resigned 29 March 2022)

Remuneration governance

Remuneration committee

In July 2020, the Board resolved to absorb the function of the Nomination and Remuneration Committee (the Committee) into the remit of the full Board of directors. This decision was taken in recognition that with the size of the company, and a small Board of directors, it was less effective to have this extra layer of governance for the Group. As part of this governance restructure, the board is retaining the Committee's Charter as guidance to the Board on remuneration and nomination matters. Cheryl Hayman, who had Chaired the Committee remains the designated key director in relation to remuneration related matters.

The main remuneration functions of the Board include:

- Executive remuneration and incentive policies;
- Remuneration packages for senior management, including incentive schemes;
- Recruitment, retention and termination policies for senior management;
- Remuneration framework for directors and KMP;
- Statutory reporting on remuneration; and
- Oversight of Company culture and performance accordingly.

Use of remuneration consultants

Where the Committee or the Board will benefit from external advice, it is authorised to engage directly with a remuneration consultant, who reports directly to the Committee. In selecting a suitable consultant, the Committee considers potential conflicts of interest and requires independence from the Group's KMP and other executives as part of their terms of engagement.

Where sought, remuneration recommendations are provided to the Committee as one input into decision making only. The Committee considers any recommendations in conjunction with other factors in making its remuneration determinations.

Remuneration packages are reviewed annually with due regard to performance and other relevant factors. In order to retain and attract executives of sufficient calibre to facilitate the effective and efficient management of the Company's operations the Committee, when necessary, seeks the advice of external advisers in connection with the structure of remuneration packages.

Executive remuneration arrangements

Remuneration Policy

The Company and its KMP are all based in Australia, with each of the current portfolio of investee companies operating predominantly in Australia and New Zealand.

Through an effective remuneration framework, the Group aims to:

- Provide fair and equitable rewards;
- Stimulate a high performance culture;
- Encourage the teamwork required to achieve business and financial objectives;
- Attract, retain and motivate high calibre employees; and
- Ensure that remuneration is competitive in relation to peer companies in Australia.

Principles of remuneration

The responsibilities of the Board include developing remuneration frameworks for senior management which incorporate the following considerations:

- The structure of the total remuneration package (TRP) including base salary, other benefits, short term incentives (STI) (bonus) and share-based long term incentives (LTI);
- The mechanism to be used to review and benchmark the competitiveness of the TRP;
- The Key Performance Indicators (KPIs) to be set;
- Changes in the amounts of different components of the TRP following annual performance reviews;
- Decisions on whether the Long Term Incentive Plan will be offered for any year, the structure of equity to be awarded to KMP under this plan when offered, and setting of associated performance indicators for future assessment;
- Determination of the amount of equity and the associated vesting at the end of each agreed assessment period of the Long Term Incentive Plan, based on financial performance indicators previously established; and
- The remuneration and any other benefits of the Non-Executive Directors.

The Group's executive remuneration strategy seeks to match the goals of the KMP to those of the shareholders in driving value creation. This is achieved through combining appropriate market levels of guaranteed remuneration with incentive payments. These incentive payments are only paid on attainment of previously agreed annual performance targets which are developed against the business' strategic and financial goals, unless the Board considers a discretionary bonus is appropriate.

Components of remuneration

Guaranteed fixed base remuneration

Base remuneration, which is not at risk, is structured as a total employment package and includes salary, superannuation and other benefits, with the allocation between salary and other sacrificing benefits at the executive's discretion. Base remuneration is annually reviewed but not necessarily increased each year. The base remuneration is set at the appropriate level of market rate for the role and the individual and in consideration of the size of the Company.

Long term employee benefits are the amount of long service leave entitlements accrued during the year.

At risk remuneration

Certain executives are eligible for STI payments and have access to an LTI in the form of a Loan Funded Share Plan (ELFSP) and performance rights.

Short term incentives

Key Management Personnel have the opportunity to earn an STI based on their performance during any given year. In most instances, performance will be assessed against Key Performance Indicators set prior to the commencement of a financial year and will include factors tied to Group earnings, individually driven strategic outcomes and, in some circumstances, board discretion based on specific achieved outcomes. The maximum STI opportunity for any KMP is 100% of base salary.

Long term incentives

The LTI is designed to enable a strategic focus on the longer term sustainability and growth of the Group and aligns executive incentives with shareholder objectives through the use of the Company's shares via the ELFSP and performance rights.

ELFSP

Under the ELFSP, selected KMP are issued a quantity of shares at an issue price, determined at the sole discretion of the board. Factors determining the issue price include the current market value of the Company's shares and any recent or potential capital raising.

The value of the shares issued under the ELFSP is offset by an unsecured, interest free loan from the Company. The loans are limited recourse, meaning that if the market value of the Shares is less than the loan value at the end of the term of the loan, the Participant will not need to repay the remaining loan balance out of their own funds.

The loans are repayable in full on the earlier of 5 years from the date the loan is made, the shares being acquired by a third party under a takeover bid or similar, the Participant ceasing employment with the Group or becoming insolvent or subject to bankruptcy proceedings, or on the date the Participant and the Company otherwise agree.

Performance rights

In addition to the ELFSP, the Company has granted performance rights to Nick Atkinson (9,000,000 rights) and Phillip Christopher (4,500,000 rights) as an additional component of their LTI.

The rights granted to each KMP are split into 3 equal tranches which vest on the 3rd, 4th and 5th anniversary of the KMP's commencement date.

Upon vesting, each eligible right will convert to one fully paid ordinary share.

Vesting of each tranche of rights is subject to Total Shareholder Returns (TSR) on the Company's shares, calculated on a compounding basis from a starting point of 20 cents per share (being the issue price of shares under the capital raising in April 2021).

Vesting is calculated in line with the following table:

TSR	Vesting amount
Up to 10%	At the Board's discretion
Between 10% and 15%	Pro rata between nil and 50% of Rights
15%	50% of Rights
Between 15% and 25%	Pro rata between 50% and 100% of Rights
25% and above	100% of Rights

Employment contracts

Terms of employment of executives are generally formalised in employment letters to each of the KMP.

There are currently no fixed term contracts in place, however personnel must adhere to a minimum notice period as stipulated in their contracts of employment:

- Joseph Constable has a three month notice period
- The Investment Directors have a three month notice period.
- The previous CFO and Company Secretary had a three month notice period.

Following the appointment of Sandy Beard as Chair in October 2020, the Chair's fee was reduced to $50,000 per annum. In September 2022, it was announced that the role and remuneration of the Executive Chair were being reset and formalised as follows:

- the fee would increase to $300,000 plus minimum statutory superannuation; and
- the notice period would be six months.

The Company Secretary has no formal contract and is employed on a casual basis with a notional two week notice period.

Aside from statutory requirements, the payment of any negotiated termination benefit is at the discretion of the Board.

Executive and Board remuneration splits:

	Salary and fees (a)	Short-term bonus (a)	Non-monetary benefits (a)	Superannuation (b)	Long-term incentives (c)	Long service leave (c)	Termination payments (c)	**Total**	*Percentage variable remuneration*
	$	$	$	$	$	$	$	**$**	%
30 September 2022									
Directors									
Alexander Beard	67,579	-	-	6,407	-	-	-	**73,986**	-
Kevin Eley	43,836	-	-	4,438	-	-	-	**48,274**	-
Peter Miller	43,836	-	-	4,438	-	-	-	**48,274**	-
Cheryl Hayman	43,836	-	-	4,438	-	-	-	**48,274**	-
Joseph Constable	152,295	43,000	-	19,487	-	5,136	-	**219,918**	*19.6*
Total directors	**351,382**	**43,000**	**-**	**39,208**	**-**	**5,136**	**-**	**438,726**	**-**
Executives									
Nicholas Atkinson	286,926	-	-	23,999	226,332	5,991	-	**543,248**	*41.7*
Phillip Christopher	279,045	100,000	-	23,999	126,264	6,354	-	**535,662**	*42.2*
Michael Bower (1)	108,000	-	-	-	-	-	-	**108,000**	-
Iain Thompson (2)	94,295	-	-	9,820	4,272	(594)	-	**107,793**	*4.0*
Total Executives	**768,266**	**100,000**	**-**	**57,818**	**356,868**	**11,751**	**-**	**1,294,703**	
Total KMP remuneration	**1,119,648**	**143,000**	**-**	**97,026**	**356,868**	**16,887**		**1,733,429**	
30 September 2021									
Directors									
Alexander Beard (3)	42,203	-	-	4,066	-	-	-	**46,269**	-
Kevin Eley	46,271	-	-	4,451	-	-	-	**50,722**	-
Peter Miller	43,836	-	-	4,219	-	-	-	**48,055**	-
Cheryl Hayman	43,836	-	-	4,219	-	-	-	**48,055**	-
Joseph Constable (4)	96,916	-	-	9,395	-	12,823	-	**119,134**	-
Total directors	273,062	-	-	26,350	-	12,823	-	**312,235**	-
Executives									
Gregory Timar (5)	77,279	-	-	16,271	25,821	(4,074)	230,000	**345,297**	*7.5*
Iain Thompson	273,956	30,000	1,416	22,163	8,262	4,299	-	**340,096**	*11.3*
Nicholas Atkinson (6)	70,594	-	-	6,617	121,816	1,177	-	**200,204**	*43.4*
Phillip Christopher (7)	96,625	-	-	8,790	87,927	1,606	-	**194,948**	*27.1*
Total Executives	518,454	30,000	1,416	53,841	243,826	3,008	230,000	**1,080,545**	
Total KMP remuneration	791,516	30,000	1,416	80,191	243,826	15,831	230,000	**1,392,780**	

(a) Short-term benefits

(b) Post-employment benefits

(c) Long-term benefits

(1) Appointed as Company Secretary on 29 March 2022.

(2) Resigned as Chief Financial Officer and Company Secretary on 29 March 2022 to take-up a full-time position at Mountcastle Pty Ltd. Previously Iain had been combining roles at the Group and Mountcastle. Remuneration shown is gross and has not been reduced for $62,500 (2021: $68,750) recharged by the Group to Mountcastle for services.

(3) Appointed 29 October 2020.

(4) Joseph Constable ceased drawing Directors fees upon the acquisition of Supervised Investments Australia Ltd on 24 March 2021, of which he was an employee. Joseph's remuneration is now entirely related to his employment relationship with the Group and he has received no Director Fees since April 2021.

(5) Resigned 22 December 2020.

(6) Appointed 21 June 2021.

(7) Appointed 17 May 2021.

Remuneration under COVID-19

During FY20 non-executive Directors took a 20% reduction in fees in response to the uncertainty arising from COVID-19. Apart from minor superannuation changes, in line with movements in statutory rates, directors fees have remained at this reduced level throughout the entire 2021 and 2022 financial years.

During FY22, companies within the Group received no JobKeeper payments (FY21: $189,000).

Relationship between remuneration policy and company performance

Short term incentives are largely determined with reference to net profit before tax of the Group, excluding unrealised revaluation gains. This criteria is important as it is one of the key factors used to determine dividend payments, with this profit measure approximating cash profits of the Group which would be available for distribution. This measurement basis is also reflective of Group performance under the Investment Entity basis of accounting adopted during the current financial year.

No portion of any incentive schemes are currently solely linked to the Company's share price.

There are currently no non-financial Key Performance Indicators (KPIs) which give rise to incentive payments.

With the change in basis of accounting in FY21 to investment entity basis, accounting profit comparisons with earlier years are difficult. Key measures for determining performance of the current year results are included in the review of operations and is not repeated in full here.

Financial Year	**2018**	**2019**	**2020**	**2021**	**2022**
Statutory NPAT ($000)	812	1,461	(12,699)	15,599	5,600
Share price at year end ($)	0.44	0.32	0.16	0.29	0.30
Dividends declared in relation to the year (cents)	3.00	0.75	-	1.00	2.00
Statutory Earnings per Share (cents)	1.1	1.9	(19.3)	11.6	2.7
Total Shareholder Returns	(6%)	(22%)	(50%)	81%	11%

Non-executive director remuneration arrangements

Non-executive directors are not employed under employment contracts. Non-executive directors are appointed under a letter of appointment and are subject to election and rotation requirements as set out in the ASX Listing Rules and the Company's Constitution.

The remuneration of non-executive directors is determined by the full Board after consideration of Group performance and market rates for directors' remuneration. Non-executive director fees are fixed each year, and are not subject to performance-based incentives.

The maximum aggregate level of fees which may be paid to non-executive directors is required to be approved by shareholders in a general meeting. This figure is currently $500,000 and was approved by shareholders at the Annual General Meeting on 5 February 2008.

Total non-executive directors' remuneration including superannuation paid at the statutory prescribed rate for the year ended 30 September 2022 was $144,822 which is within the approved amount.

Individual non-executive director's fees have not increased since October 2007, and during 2020 in response to COVID-19 fees were temporarily reduced to $48,000 per annum. Subject to minor changes for statutory superannuation changes, fees remain at this level at the date of this report.

Key management personnel shareholdings

The key management personnel and their relevant interest in the fully paid ordinary shares of the Company as at year end are as follows:

30 September 2022	**Opening balance**	**Purchases**	**Disposals**	**Changes in KMPs**	**Closing balance**	***Of which Indirect interest***
Directors						
Alexander Beard	19,265,724	5,458,235	-	-	24,723,959	*15,333,235*
Kevin Eley	2,971,180	606,060	-	-	3,577,240	*3,577,240*
Peter Miller	25,784,440	-	-	-	25,784,440	*25,784,440*
Cheryl Hayman	441,000	303,030	-	-	744,030	*744,030*
Joseph Constable	274,357	151,515	-	-	425,872	-
Executives						
Nicholas Atkinson	4,194,070	1,055,930	-	-	5,250,000	*4,250,000*
Phillip Christopher	2,000,000	484,811	-	-	2,484,811	*1,000,000*
Michael Bower	-	-	-	100,000	100,000	-
Iain Thompson	689,117	-	-	(689,117)	-	-

The key management personnel and their relevant interest in the unquoted options of the Company as at year end are as follows:

30 September 2022	**Opening balance**	**Purchases**	**Disposals**	**Changes in KMPs**	**Closing balance**	***Of which Indirect interest***
Directors						
Alexander Beard	6,000,000	-	-	-	6,000,000	*6,000,000*
Kevin Eley	-	-	-	-	-	-
Peter Miller	-	-	-	-	-	-
Cheryl Hayman	-	-	-	-	-	-
Joseph Constable	-	-	-	-	-	-
Executives						
Nicholas Atkinson	500,000	-	-	-	500,000	*500,000*
Phillip Christopher	-	-	-	-	-	-
Michael Bower	-	-	-	-	-	-
Iain Thompson	-	-	-	-	-	-

The key management personnel and their relevant interest in the unquoted performance rights of the Company as at year end are as follows:

30 September 2022	**Opening balance**	**Purchases**	**Disposals**	**Changes in KMPs**	**Closing balance**	***Of which Indirect interest***
Directors						
Alexander Beard	-	-	-	-	-	-
Kevin Eley	-	-	-	-	-	-
Peter Miller	-	-	-	-	-	-
Cheryl Hayman	-	-	-	-	-	-
Joseph Constable	-	-	-	-	-	-
Executives						
Nicholas Atkinson	9,000,000	-	-	-	9,000,000	-
Phillip Christopher	4,500,000	-	-	-	4,500,000	-
Michael Bower	-	-	-	-	-	-
Iain Thompson	-	-	-	-	-	-

End of Audited Remuneration Report

Indemnification and insurance of directors and officers

The Company's Rules provide for an indemnity of directors, executive officers and secretaries where liability is incurred in connection with the performance of their duties in those roles other than as a result of their negligence, default, breach of duty or breach of trust in relation to the Company. The Rules further provide for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgement is given in their favour, they are acquitted or the Court grants them relief.

During the year, the Company purchased Directors' and Officers' Liability Insurance to provide cover in the event a claim is made against the directors and officers in office during the financial year and at the date of this report, as far as is allowable by the Corporations Act 2001. The policy also covers the Company for reimbursement of directors' and officers' expenses associated with such claims if the defence to the claim is successful. The total amount of insurance premium paid and the nature of the liability are not disclosed due to a confidentiality clause within the agreement. As at the date of this report, no amounts have been claimed or paid in respect of this indemnity and insurance, other than the premium referred to above.

Auditors

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, UHY Haines Norton, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify UHY Haines Norton during or since the financial year.

Auditor independence and non-audit services

The directors have received a declaration signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001, a copy of which can be found on page 17.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

A total of $56,971 has been charged by UHY Haines Norton for the provision of non-audit services during the year in respect of taxation services and the IPO of H&G High Conviction Limited.

Options

As part of the acquisition of Pegasus Healthcare on 1 April 2018, a Put and Call option was granted to the minority shareholder. With the sale of Pegasus Healthcare during the year the options terminated.

On 15 April 2021, the Company signed an agreement granting the management of SPOS Group an option to purchase SPOS from the Company. The payment of an option fee of $250,000 granted management an option to acquire the business at any time over the next 5 years for $2.09 million less the amount of distributions made by SPOS to the Group. In addition, the shareholder loan balances owed to the Group remain payable. The value of SPOS in note 3 of the financial statements as at 30 September 2022 reflects the value of the current purchase price.

At the AGM on 24 February 2021 shareholders approved the issuance of 8,000,000 options to various parties who had participated in the Private Placement announced on 21 October 2020. Each option grants the holder the right to subscribe for 1 fully paid ordinary share in exchange for 15.0 cents cash, at any point prior to 24 February 2024. The options hold no voting or dividend rights. At balance date, 1.0 million of the options had been exercised.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

Alexander (Sandy) Beard

Director

24 November 2022

UHY Haines Norton
Chartered Accountants

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

To the Directors of Hancock & Gore Limited

As lead auditor for the audit of the financial report of Hancock & Gore Limited for the year ended 30 September 2022, I declare that to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

UHY Haines Norton

Mark Nicholaeff

Partner

Sydney

Dated: 24 November 2022

UHY Haines Norton

Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September

	Note	2022 $'000	2021 $'000
Dividend income		**2,611**	1,522
Finance income	10	**579**	-
Funds management and other fee revenue		**821**	475
Rental income		**418**	479
Revenue from continuing operations		**4,429**	2,476
Fair value gains on financial instruments at fair value through profit or loss	2	**5,864**	14,261
Other income	10	**-**	1,473
Administration and other expenses		**(707)**	(485)
Depreciation and amortisation expense	10	**(232)**	(230)
Employee benefit expenses	10	**(1,792)**	(1,593)
Finance costs	10	**(26)**	(61)
Occupancy expenses		**(180)**	(193)
Professional fees		**(1,653)**	(413)
Profit from continuing operations before income tax		**5,703**	15,235
Income tax (expense)/ benefit	11	**(103)**	364
Profit from continuing operations after income tax		**5,600**	15,599
Other comprehensive income, net of tax		**-**	-
Total comprehensive income from continuing operations		**5,600**	**15,599**
Profit from continuing operations after income tax is attributable to:			
Owners of Hancock & Gore Ltd		**5,600**	15,599
Non-controlling interests		**-**	-
		5,600	15,599
Total comprehensive income from continuing operations is attributable to:			
Owners of Hancock & Gore Ltd		**5,600**	15,599
Non-controlling interests		**-**	-
		5,600	15,599
Earnings per share attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share	5	**2.7**	11.6
Diluted earnings per share	5	**2.6**	11.1

Consolidated Balance Sheet as at 30 September

	Note	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents	9	**13,508**	7,367
Trade and other receivables	12	**1,367**	425
Related party receivables	12	**1,295**	902
Prepayments		**113**	145
Financial assets at fair value through profit and loss	3	**11,098**	8,379
Financial assets at amortised cost	3	**503**	202
Total current assets		**27,884**	17,420
Non-current assets			
Property, plant and equipment	13	**39**	81
Right-of-use assets	17	**206**	396
Intangible assets	14	**712**	712
Financial assets at fair value through profit and loss	3	**32,689**	26,932
Financial assets at amortised cost	3	**3,650**	-
Other financial assets	3	**-**	3,581
Deferred tax assets	11	**-**	234
Total non-current assets		**37,296**	31,936
Total assets		**65,180**	49,356
Liabilities			
Current liabilities			
Trade and other payables	15	**667**	390
Related party payables	15	**60**	-
Lease liabilities	17	**262**	245
Provisions	16	**60**	127
Other financial liabilities	3	**-**	204
Total current liabilities		**1,049**	966
Non-current liabilities			
Lease liabilities	17	**23**	281
Provisions	16	**34**	42
Deferred tax liabilities	11	**-**	285
Total non-current liabilities		**57**	608
Total liabilities		**1,106**	1,574
Net assets		**64,074**	47,782
EQUITY			
Share capital	6	**72,623**	58,274
Reserves	18	**19,451**	17,508
Accumulated losses		**(24,651)**	(24,651)
Other components of equity		**(3,349)**	(3,349)
Equity interests of owners of Hancock & Gore Ltd		**64,074**	47,782
Non-controlling interests	26	-	-
Total equity		**64,074**	47,782

Consolidated Statement of Changes in Equity for the years ended 30 September

	Issued Capital	Profit Reserve	Option Reserve	Foreign Currency Reserve	Employee Share Scheme Reserve	Other Reserves	Accumulated Losses	Other Components of Equity	**Attributable to Owners of the Company**	Non-Controlling Interests	**Total Equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**	$'000	**$'000**
Balance at 30 September 2020	**42,477**	**-**	**-**	**(159)**	**41**	**(1,017)**	**(23,369)**	**(3,349)**	**14,624**	**1,884**	**16,508**
Profit for the period	-	-	-	-	-	-	15,599	-	**15,599**	-	**15,599**
Total comprehensive income for the period	-	-	-	-	-	-	15,599	-	**15,599**	-	**15,599**
Transactions with owners in their capacity as owners:											
Issue of Share Capital	17,546	-	-	-	-	-	-	-	**17,546**	-	**17,546**
Costs associated with issues of shares	(1,749)		1,296	-	-	-	-	-	**(453)**	-	**(453)**
Share based payments in respect of issue of shares	-	-	-	-	307	-	-	-	**307**	-	**307**
	15,797	-	1,296	-	307	-	-	-	**17,400**	-	**17,400**
Transfer to profit reserves	-	15,599	-	-	-	1,282	(16,881)	-	**-**	-	**-**
Deconsolidation adjustments on change of accounting basis	-	-	-	159	-	-	-	-	**159**	(1,884)	**(1,725)**
Balance at 30 September 2021	**58,274**	**15,599**	**1,296**	**-**	**348**	**265**	**(24,651)**	**(3,349)**	**47,782**	**-**	**47,782**
Profit for the period	-	-	-	-	-	-	5,600	-	**5,600**	-	**5,600**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**5,600**	**-**	**5,600**	**-**	**5,600**
Transactions with owners in their capacity as owners:											
Issue of Share Capital	15,150	-	-	-	-	-	-	-	**15,140**	-	**15,140**
Costs associated with issues of shares	(801)	-	-	-	-	-	-	-	**(801)**	-	**(801)**
Share based payments in respect of issue of shares	-	-	-	-	361	-	-	-	**361**	-	**361**
Dividends paid	-	(4,018)	-	-	-	-	-	-	**(4,018)**	-	**(4,018)**
	14,349	**(4,018)**	**-**	**-**	**-**	**-**	**-**	**-**	**10,681**	**-**	**10,681**
Transfer to profit reserves	-	5,600	-	-	-	-	(5,600)	-	**-**	-	**-**
Balance at 30 September 2022	**72,623**	**17,181**	**1,296**	**-**	**709**	**265**	**(24,651)**	**(3,349)**	**64,074**	**-**	**64,074**

Consolidated Statement of Cash Flows for the years ended 30 September

	Note	**2022 $'000**	2021 $'000
Cash flows from operating activities			
Receipts from customers		**1,295**	909
Payments to suppliers and employees		**(3,797)**	(3,338)
Dividends received		**2,611**	1,522
Interest received		**572**	-
Interest paid		**(17)**	(35)
Net cash outflow from operating activities	9	**664**	(942)
Cash flows from investing activities			
Proceeds from disposals of investments		**33,709**	10,867
Purchase of investments		**(37,695)**	(17,544)
Loans provided		**(5,294)**	-
Loans repaid		**5,000**	-
Payments for property, plant and equipment		**-**	(14)
Net cash outflow from investing activities		**(4,280)**	(6,691)
Cash flows from financing activities			
Proceeds from issue of shares and before issue costs	6	**15,150**	16,826
Share issues costs	6	**(801)**	(453)
Dividends paid		**(4,018)**	-
Repayment of borrowings		**-**	(1,553)
Payment of lease liabilities		**(241)**	-
Loans with related parties		**(333)**	338
Net cash inflow from financing activities		**9,757**	15,158
Net increase in cash and cash equivalents		**6,141**	7,525
Cash and cash equivalents at the beginning of the period	9	**7,569**	3,858
Cash derecognised on deconsolidation of subsidiaries		**-**	(3,814)
Cash and cash equivalents at end of the period	9	**13,710**	7,569

1 Corporate information

The consolidated financial statements of Hancock & Gore Ltd (the Company) and its subsidiaries (the Group) for the year ended 30 September 2022 were authorised for issue in accordance with a resolution of the directors on 24 November 2022.

Hancock & Gore Ltd is a for profit, limited liability, public company, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX Code HNG).

The Group is principally engaged in investing in diversified asset categories, either as principal or as investment manager. The Company seeks to actively engage and support its investees.

The Group's principal place of business is Suite 803, Level 8, 25 Bligh St, Sydney, NSW, 2000, Australia.

Further information on the nature of the operations and principal activities of the Group is provided in the Directors' report.

2 Material profit or loss items

Significant profit and loss items

The Group has identified items which may be considered significant for providing a better understanding of the financial performance of the Group, due to their nature and/or amount.

a) Fair value gains on financial instruments at fair value through profit or loss

Fair value gains on financial instruments at fair value through profit or loss, as shown in the statement of profit or loss, includes both realised and unrealised gains on both listed and unlisted assets and liabilities. Given its size and nature, further information is provided below:

	2022 **$'000**	2021 $'000
Realised gains/ (losses) on disposals of unlisted investments		
Pegasus Healthcare	**2,310**	-
Mint Payments convertible notes (1)	**650**	-
JSB Lighting (2)	**-**	(1,155)
	2,960	(1,155)
Realised gains/ (losses) on disposals of listed investments	**(216)**	1,150
Unrealised gain/ (losses) on revaluation of unlisted investments (3)		
Mountcastle Group (4)	**3,196**	8,535
Pegasus Healthcare	**-**	2,847
BLC Cosmetics	**-**	2,560
SPOS Group (5)	**(1,124)**	407
T-Shirt Ventures/ Provider Choice	**1,000**	-
Other unlisted financial instruments	**82**	-
	3,154	14,349
Unrealised gains/ (losses) on listed investments	**(34)**	(83)
Total fair value gains on financial instruments at fair value through profit or loss	**5,864**	14,261

(1) A $650,000 gain was recognised on the restructuring of a $3.0 million convertible note investment with Mint Payments into a $3.65 million loan receivable.

(2) $1,118,000 from JSB Lighting debt forgiveness was included within other income in the year ended 30 September 2021, substantially offsetting the fair value loss.

(3) Unrealised gains/ (losses) on revaluation of unlisted investments in the year ended 30 September 2021 reflected amounts arising during the year but also amounts arising on the initial change to investment entity accounting.

(4) In addition, included within dividends received was $1,483,000 (2021: $897,000) from Mountcastle Group.

(5) The Group has granted a purchase option over the equity in SPOS Group under which the option price decreases with dividends paid to the Group. Included with dividends receivable is $1,050,000 (2021: $250,000) of dividend income from SPOS Group, substantially offsetting the fair value loss above.

b) Other significant profit or loss items

During the year the Group incurred costs of $658,000 in relation to the restructure of the H&G High Conviction Fund and the initial public offering of H&G High Conviction Limited.

3 Financial assets and financial liabilities

(a) Categories of financial instruments

Details of financial assets and liabilities contained in the consolidated financial statements are as follows:

	Note	2022 $'000	2021 $'000
Financial assets			
Cash and cash equivalents	9	**13,508**	7,367
Trade and other receivables	12	**1,367**	425
Related party receivables	12	**1,295**	902
Financial assets at fair value through profit and loss	3b	**43,787**	35,311
Financial assets at amortised cost	3c	**4,153**	202
Other financial assets	3d	**-**	3,581
		64,110	47,788
Financial liabilities			
Trade and other payables	15	**667**	390
Related party payables	15	**60**	-
Lease liabilities	17	**295**	526
Other financial liabilities	3e	**-**	204
		1,022	1,120

b) Financial assets at fair value through profit or loss

	Note	2022 $'000	2021 $'000
Current assets			
Listed equities	3f	**10,722**	4,225
Other listed equity securities		**-**	31
Unlisted equities	3f	**376**	4,123
		11,098	8,379
Non-current assets			
Unlisted equities	3f	**31,114**	26,932
Unlisted convertible notes	3f	**1,575**	-
		32,689	26,932
		43,787	35,311

Amounts recognised in profit or loss

Changes in fair value of financial assets at fair value through profit or loss are recorded in the Statement of Profit or Loss in their own category. Refer Note 2.

Fair value

The fair value of the listed securities is based on their closing prices in an active market.

Unlisted securities, units and convertible notes are not traded in inactive markets. Directors use a variety of methods to determine fair value based on the characteristics and circumstances surrounding each investment. External expert valuation advice may also be sought.

Methods applied and adopted in these financial statements include reference to:

- observable transaction valuations where equity in the investee has recently traded or is expected to be traded;
- known transaction values where the Company has entered, or expects to enter, into a contract of sale;
- reported net asset value pricing; and
- Capitalisation of Future Maintainable Earnings (CFME).

Risk exposure and fair value measurements

Information about the Group's exposure to risk is provided in note 3(h).

For further information about the methods and assumptions used in determining fair value refer to note 3(f).

c) Financial assets at amortised cost

	Note	2022 $'000	2021 $'000
Current assets			
Term deposit		202	202
Loan receivables		301	-
		503	202
Non-current assets			
Loan receivables		3,650	-
		4,153	202

d) Other financial assets at fair value

	Note	2022 $'000	2021 $'000
Non-current assets			
Call option asset		-	581
Convertible note securities		-	3,000
		-	3,581

As part of the acquisition of the Group's investment in Pegasus Healthcare, a call option was granted over the remaining interest not held by the Group. During the year the Group sold its investment in Pegasus Healthcare and the option terminated.

Convertible note securities were acquired just prior to the year-end and were valued at their cost price.

e) Other financial liabilities at fair value

	Note	2022 $'000	2021 $'000
Non-current liabilities			
Put option liability		-	204

As part of the acquisition of Pegasus Healthcare, a Put option was granted over the remaining interest not held by the Parent entity. During the year the Group sold its investment in Pegasus Healthcare and the option terminated.

f) Fair value measurements of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the last sale price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If any of the significant inputs are not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between the levels of the fair value hierarchy during the financial year.

Assets and liabilities at fair value by hierarchy as at 30 September 2022

Financial assets at fair value at 30 September 2022:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Listed equities	10,722	-	-	**10,722**
Unlisted equities	-	376	31,114	**31,490**
Convertible note securities	-	1,575	-	**1,575**
	10,722	1,951	31,114	**43,787**

There were no financial liabilities at fair value at 30 September 2022.

Fair value measurements using significant unobservable inputs (level 3)

Specific valuation techniques

Specific valuation techniques used to value used to determine fair values of level 3 assets include:

- shares in unlisted entities with a history of generating profits have been revalued based on a capitalisation of future maintainable earnings methodology, having regard to observable comparable transactions or quoted prices for similar enterprises;
- net asset values based on the conversion valuation mechanisms of convertible securities;
- discounted cash flows for expected distribution and loan repayment streams;
- valuations of all financial assets and liabilities are finally cross-checked in light of any subsequent specific valuation information arising, including:
    - latest pricing inherent in capital raising activity by an investee;
    - latest pricing inherent in actual or proposed transactions in the financial instruments of an investee; and
    - changes in circumstances affecting the investee.

Valuation processes

Key level 3 inputs used by the Group in measuring the fair value of financial instruments have been derived and evaluated as follows:

- Future maintainable earnings: these are assessed based on historical earnings performance and board approved budgets and forecasts, after adjusting for non-recurring or significant one-off items, and typically are only up to 12 months in advance
- Capitalisation rates: these are determined using a comparator group of publicly available transactions, adjusted for relevant factors such as control premiums or minority discounts, liquidity discounts and market size.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the material significant unobservable inputs used in level 3 fair value measurements for the unlisted shares as at 30 September 2022:

Investment	Valuation $'000's	Basis of Valuation	Material Unobservable Inputs	Inputs Used	Relationship of unobservable inputs to fair value
Mountcastle Group (49% interest)	21,120	Capitalisation of future maintainable earnings, adjusted for net debt and surplus assets.	Future maintainable earnings	$9.0m	+/- 10% change would result in a change in fair value of +/- $2.3m
			Capitalisation multiple	5.2x	A change in the multiple of +/- 0.5x would result in a change in fair value of +/- $2.2m
Disruptive Packaging Trust (70% interest)	5,773	Net asset backing reflecting conversion value of investment instrument.	Conversion valuation of underlying operating business	$45m	A 10% decrease would have $nil effect on fair value due to a ratchet mechanism on conversion in the instrument. A 10% increase would increase valuation by $0.6m
T-Shirt Ventures (<5%)	2,000	Monte Carlo simulation of equity valuation using conversion price mechanism in capital raising.	Volatility	100%	A change of the Volatility % to 120% or 80% would result in a change in fair value of +/- $0.5m
			Time to conversion	3 years	Changing the time by +/- 1 year would result in a change in fair value of +/- $0.3m
QRT Finance Trust (<5%)	1,659	Net asset backing reflecting carrying value of investment instrument and income and profit participation entitlements	Future profit participation.	$Nil	A $2.0 million profit participation entitlement would increase the valuation by $0.1m
SPOS Group (100% interest)	562	Discounted cash flow value of expected receipts under option deed. (1)	Discount rate	5%	Increasing the rate by +/- 5% would result in a change in fair value of +/- $0.1m
Total	**31,114**				

(1) Included within related party receivables is an additional amount of $783,000 that must be repaid for the option to be exercised.

g) Maturities of Financial liabilities

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and includes both principal and interest cash flows.

	Trade and other payables $'000	Related party payables $'000	Finance lease liabilities $'000	Put option liability $'000	Total $'000
2022					
Less than 1 year	667	60	274	-	**1,001**
1 - 2 year	-	-	23	-	**23**
2 - 3 years	-	-	-	-	**-**
Total	**667**	**60**	**297**	**-**	**1,024**
2021					
Less than 1 year	391	-	245	204	840
1 - 2 year	-	-	259	-	259
2 - 3 years	-	-	22	-	22
Total	391	-	526	204	1,121

Trade and other payables, related party payables and the put option liability are not interest bearing. The weighted average interest rate inherent in the finance lease liabilities is 4.0% (2021: 4.0%).

h) Capital management

The Group seeks to manage its capital to ensure that it has sufficient funding to pursue its preferred investment opportunities, without holding excessive low yielding cash balances, and thereby deliver increased value to shareholders.

The capital structure is reviewed regularly and is balanced through the payment of dividends and on-market share buy-backs as well as the level of debt.

The capital structure consists of net debt, which includes any borrowings less cash and cash equivalents, and total equity, which includes issued capital (Note 6), reserves (Note 18) and accumulated losses/retained earnings.

Financial risk management

The activities of the Group expose it to a variety of financial risks, primarily related to liquidity risk, market risk and credit risk.

The Group's risk management program works to minimise material potential negative impacts on the financial performance of the Group.

Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's major cash payments are the purchase of investments and operating expenses (which are managed by executives) and dividends paid to shareholders (which are determined by the Board).

Major cash receipts are dependent upon the level of sales of securities and any dividends and interest receivable, or other capital management initiatives that may be implemented by the Board from time to time such as capital raisings.

Senior management monitors the Group's cash flow requirements by reference to known sales and purchases of securities, dividends, and interest to be paid or received.

The Group seeks to ensure it always holds sufficient cash to enable it to meet all payments. Furthermore, the Group maintains a portfolio of ASX listed equities including liquid stocks which can generally be sold on market when and if required.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and other price risks, will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a company that invests in tradable securities, the Company will always be subject to market risk, as the market price of these securities can fluctuate.

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As a significant proportion of the Company's investments are carried at fair value with fair value changes recognised in profit or loss, all changes in market conditions can directly affect net investment income.

The Group seeks to manage and reduce price risk by diversification of the investment portfolio across numerous stocks and multiple industry sectors. However, there are no formalised parameters which specify a maximum amount of the portfolio that can be invested in a single company or sector.

The Group has minimal exposure to direct movements in interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised on the Balance Sheet, is the carrying amount net of any expected credit losses.

Credit risk is not considered to be a major risk to the Company as the cash held by the Company is invested with major Australian banks. In addition, credit risk on trading in listed securities is minimised due to these trades primarily occurring ‘on market’ on the Australian Securities Exchange.

i) Accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Debt instruments, with cash flows that are solely payments of principal and interest, are classified at amortised cost unless they are designated at fair value through profit or loss on initial recognition where doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income within the profit and loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Derivative assets and liabilities

Where the acquisition of an investment includes a put or call option for the Group to acquire the shares of a minority shareholder, an asset or liability is recognised equal to the fair value of the option calculated under the Binomial method. Movements in the value of the option are taken directly to profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4 Dividends

a) Dividends paid during the year:

	2022 $'000	2021 $'000
Fully franked final dividend of 1.0 cent per share for the year ended 30 September 2021 paid on 3 December 2021	**1,789**	-
Fully franked interim dividend of 0.5 cents per share for the year ended 30 September 2022 paid on 30 September 2022	**1,127**	-
Fully franked special dividend of 0.5 cents per share for the year ended 30 September 2022 paid on 30 September 2022	**1,127**	-
Total dividends	**4,043**	-
Amounts retained on employee loan funded share plans	**(25)**	-
Dividends paid	**4,018**	-

b) Dividends proposed but not recognised as a liability as at 30 September:

	2022 $'000	2021 $'000
Fully franked final dividend of 1.0 cent per share for the year ended 30 September 2022 payable on 12 December 2022	**2,254**	-
Fully franked final dividend of 1.0 cent per share for the year ended 30 September 2021 paid on 3 December 2021	**-**	1,789

c) Franking account

The amount of franking credits available for the subsequent financial year are:

	2022 $'000	2021 $'000
Franking account balance as at the end of the financial year at 25% (2021 - 26%)	**8,271**	9,234
Franking debits that will arise from the payment of dividends subsequent to the end of financial year	**(751)**	(596)
	7,519	8,638

d) Dividend reinvestment plan

The Company has a dividend reinvestment plan. Brief details of the Plan are:

- shareholders with a minimum holding requirement of 1,000 ordinary shares and a registered address in Australia or New Zealand are eligible to participate;
- the DRP will apply to dividends at the discretion of the board;
- participation is optional;
- full or partial participation is available;
- payment is made through the allotment of shares, rather than cash, at a discount determined by the Directors, at the date of declaration, of up to 7.5%, on the average market price of the Company's ordinary shares, calculated for the five days beginning on the day the shares are first quoted for sale on an ex-dividend basis in respect of the relevant dividend;
- no brokerage, commission, stamp duty, or administration costs are payable by shareholders; and
- participants may withdraw from the plan at any time by notice in writing to the Registry.

The Directors determined that the dividend reinvestment plan would not be in operation for all of the dividends paid during the year.

e) Accounting policies

The Company recognises a liability to pay cash or make non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

5 Earnings per share

	2022 Cents	2021 Cents
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**2.7**	11.6
Total basic earnings per share attributable to the ordinary equity holders of the Company	**2.7**	11.6
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**2.6**	11.1
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**2.6**	11.1

a) Reconciliations of earnings used in calculating earnings per share

	2022 $'000	2021 $'000
Earnings used in calculating Basic earnings per share		
Profit from continuing operations after income tax	**5,600**	15,599
Deduct profit attributable to non-controlling interests	**-**	-
Profit from continuing operations after income tax attributable to equity holders of the parent	**5,600**	15,599
Earnings used in calculating Diluted earnings per share		
Used in calculating basic earnings per share	**5,600**	15,599
Add back: costs not incurred for share-based payments	**361**	117
Earnings used in calculating diluted earnings per share	**5,961**	15,716

b) Weighted average number of shares used as the denominator

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**210,246,017**	134,600,230
Adjustments for calculation of diluted earnings per share:		
- Options issued not exercised	**3,523,079**	2,979,889
- Performance rights and employee loan funded share plan	**14,343,821**	4,167,123
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**228,112,917**	141,747,242

Further information on the potentially dilutive equity instruments can be found in note 6.

6 Issued capital

a) Movements in ordinary shares

	Number of shares	Total $'000
Balance as at 30 September 2020	75,622,581	42,477
Issued under Capital raising announced 21 October 2020	37,085,208	4,586
Issued for the acquisition of H&G Investment Management Ltd in March 2021	3,000,000	720
Issued under Capital raising announced 22 March 2021	59,200,000	11,840
Shares issued to employees	4,000,000	400
Costs associated with shares issued	-	(453)
Options issued as fund raising expenses	-	(1,296)
Balance as at 30 September 2021	178,907,789	58,274
Issued under Capital raising announced 26 November 2021	45,454,536	15,000
Costs associated with shares issued	-	(801)
Options exercised	1,000,000	150
Balance as at 30 September 2022	**225,362,325**	**72,623**

b) Movements in ordinary shares during the year

On 26 November 2021, the Company announced a capital raising at 33 cents per share comprising: an initial private placement and a conditional placement, subject to shareholder approval. The company raised $7.41 million before costs from the issue of 22,451,514 shares through the initial private placement, and $7.59m before costs from the issue of 23,003,022 shares through the conditional placement.

On 16 September 2022, the Company issued 1,000,000 new shares upon the exercise of 1,000,000 options at 15 cents per share.

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

d) Employee Loan Funded Share Plan (ELFSP)

The Company has established an Employee Loan Funded Share Plan (ELFSP). Under the plan, selected executives are invited to join the ELFSP whereby they are issued with ordinary shares in the Company, offset by an unsecured, interest free loan from the Company.

The loans are limited recourse, meaning that if the market value of the Shares is less than the loan value at the end of the term of the loan, the Participant will not need to repay the remaining loan balance out of their own funds.

The loans are repayable in full on the earlier of: 5 years from the date the loan is made; the shares being acquired by a third party under a takeover bid or similar; the Participant ceasing employment with the Group or becoming insolvent or subject to bankruptcy proceedings; or on the date the Participant and the Company otherwise agree.

A summary of the movement in the number of shares held and the value of loans outstanding under the ELFSP during the year ended 30 September 2022 is as follows:

	Number of shares	Total $'000
Balance as at 30 September 2021	2,328,125	473
Loan repayments from dividends retained	-	(25)
Balance as at 30 September 2022	**2,328,125**	**448**

As the loans are limited recourse, no amounts are recognised within receivables or shares capital at issue of the ELFSP shares and they are not included within the calculation of Basic Earnings per Share. The ELFSP shares are included in the calculation of Diluted Earnings Per Share.

e) Options

On 24 February 2021, the Company issued 8,000,000 options to various parties who had participated in the private placement announced on 21 October 2020.

Each option grants the holder the right to subscribe for 1 fully paid ordinary share in exchange for 15.0 cents cash, at any point prior to 24 February 2024. The options hold no voting or dividend rights.

On 16 September 2022, the Company issued 1,000,000 new shares upon the exercise of 1,000,000 options. At balance date, 7,000,000 of the options remain unexercised.

The options are included in the calculation of Diluted Earnings Per Share.

f) Performance Rights

The Company has granted 13,500,000 performance rights in total to two employees.

The rights hold no voting or dividend rights. The rights granted to each employee are split into 3 equal tranches which vest on the 3rd, 4th and 5th anniversary of the employee's commencement date (being May/June of each of 2024, 2025 and 2026 respectively). Upon vesting, each eligible right will convert to one fully paid ordinary share.

Vesting of each tranche of rights is subject to Total Shareholder Returns (TSR) on the Company's shares, calculated on a compounding basis from a starting point of 20 cents per share. Vesting is calculated in line with the following table:

TSR	Vesting Amount
Up to 10%	At the Board's discretion
Between 10% and 15%	Pro rata between nil and 50% (for example at 12% TSR - 20% of Rights would vest)
15%	50% of Rights
Between 15% and 25%	Pro rata between 50% and 100% (for example at 20% TSR - 75% of Rights would vest)
25% and above	100% of Rights

No performance rights were exercised or lapsed during the year ended 30 September 2022.

The performance rights are included in the calculation of Diluted Earnings Per Share.

g) Share-based payments:

Total expenses arising from share-based payment transactions, recognised during the year as part of employee benefit expense, were as follows:

	2022 $	2021 $
Employer loan funded share plan	**65,112**	56,763
Performance rights	**296,028**	117,062
Share discount	**-**	70,000
	361,149	243,825

7 Business combinations

a) *Changes in controlled entities within the investment entity*

The Group reports as an investment entity, as defined in the accounting standards. Accordingly, only those controlled entities whose main purpose and activities relate to the investment activities of the Group are consolidated, and other controlled entities are instead shown as investments held at fair value.

During the prior period, on 23 March 2021, the Company acquired all of the equity in H&G Investment Management Ltd (formerly: Supervised Investments Australia Ltd).

Details of controlled entities that are not consolidated as part of the investment entity are included in Note 25.

b) *Accounting policy*

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

8 Events occurring after the reporting period

On 4 October 2022, the Hyde Road Trust, in which the Group holds a 73% interest, acquired a property at 20 Cansdale Street & 103 Hyde Road, Yeronga, Queensland, for $10 million from the Hyde Road Partnership. Mountcastle Pty Ltd, a company in which the Group holds a 49% interest, was a 50% partner in The Hyde Road Partnership and the property is its main Queensland operating site.

The equity components of the acquisition were funded by an in-specie capital return and dividend from Mountcastle Pty Ltd of $3.2 million, of which the Group's share was $1.6 million, and an additional contribution from the Group of $2.8 million. The Group funded the payment of a deposit of $0.5 million by the Hyde Road Trust before year-end which is included in related party receivables and paid the balance of the additional contribution on 4 October 2022.

On 25 October 2022, H&G High Conviction Limited (ASX: HCF), a company managed by the Group, listed on the Australian Stock Exchange. In conjunction with the listing, H&G High Conviction Limited raised $5.2 million of which the Group subscribed $854,252 for 869,114 shares.

On 24 November 2022, the Company declared a fully franked final dividend in respect of the financial year ended 30 September 2022 of 1.0 cents per share.

There have been no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

9 Cash flow information

a) *Cash and cash equivalents*

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2022 $'000	2021 $'000
Cash at banks and on hand	**13,508**	7,367
Term deposit	**202**	202
Cash and cash equivalents	**13,710**	7,569

b) *Reconciliation of profit after income tax to net cash inflow from operating activities:*

	2022 $'000	2021 $'000
Profit from continuing operations after income tax	**5,600**	15,599
Adjustments to reconcile profit before tax to net cash flows:		
Net (gains) on assets and liabilities at fair value through profit or loss	**(5,864)**	(14,261)
Debt forgiven	**-**	(1,118)
Non-cash employee benefits expense - share-based payments	**361**	242
Depreciation and amortisation	**232**	230
Net loss on sale of property, plant and equipment	**-**	1
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	**152**	(481)
(Increase)/decrease in prepayment	**32**	(1)
(Increase)/decrease in deferred tax assets	**(51)**	(364)
Increase/(decrease) in trade creditors	**277**	(673)
Increase/(decrease) in other provisions	**(75)**	74
Increase/(decrease) in lease liabilities	**-**	(190)
Net cash (outflow) from operating activities	**664**	(942)

c) *Non-cash investing and financing activities:*

Material non-cash investing and financing activities during the year included:

- Receipt of 32,786,885 shares in Cellmid Ltd (since renamed Anagenics Limited, ASX: AN1), at a valuation, at 6.1 cents per share, of $2.0 million, and recognition of $0.9 million in deferred consideration for the sale of shares in BLC Cosmetics Ltd; and
- restructure of $3.0 million convertible note investment into a $3.65 million loan receivable with Mint Payments.

d) *Accounting policies*

For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

10 Other income and expense items

a) Other income

	2022 $'000	2021 $'000
Debt forgiven	**-**	1,118
Option fee income	**-**	250
Other income	**-**	105
	-	1,473

b) Expenses information

	2022 $'000	2021 $'000
Depreciation and amortisation expensed to profit and loss		
Plant and equipment	**42**	40
Right of use asset	**190**	190
	232	230
Employee benefit expenses		
Salary and wages	**1,104**	755
Defined contribution superannuation expense	**90**	74
Directors' fees	**219**	217
Share based payments	**361**	244
Other	**18**	303
	1,792	1,593
Lease expenses	**116**	193

c) Finance income and costs

	2022 $'000	2021 $'000
Finance income		
Finance institutions	**26**	-
Financial assets at amortised cost	**499**	-
Other	**54**	-
	579	-
Finance costs		
Finance institutions - interest expenses and line fees	**9**	35
Interest on lease liabilities	**17**	26
Finance costs expensed	**26**	61
Net finance income/ (costs)	**553**	(61)

d) Accounting policies

Revenue is measured at the fair value of the consideration received or receivable, taking into account any discounts, allowances and GST.

Dividend income

Dividend income is recognised on receipt.

Finance income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Funds management income

Funds management income includes establishment, management, performance and other fees.

Establishment fees are recognised when an investment vehicle has been formally established and the right to the income is achieved.

Management fees are recognised on a monthly basis as they accrue.

Performance fees are recognised based on the amounts that would be payable at a reporting date if it was the end of each performance fee calculation period.

Rental income

Rental income is recognised on a daily basis on a straight-line basis.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are expensed in the period in which they occur.

11 Income tax

a) Income tax expense

	2022 $'000	2021 $'000
Current tax		
Current tax on profits for the year	**-**	(286)
Adjustments for current tax of prior periods	**154**	-
Total current tax expense	154	(286)
Deferred income tax		
Decrease/(increase) in deferred tax assets	**234**	(3,262)
(Decrease)/increase in deferred tax liabilities	**(285)**	3,184
Total deferred tax expense/(benefit)	(51)	(78)
Total income tax expense /(benefit)	103	(364)
Income tax expense is attributable to:		
Profit from continuing operations	**103**	(364)

b) Numerical reconciliation of income tax expense to prima facie tax payable

	2022 $'000	2021 $'000
Profit from continuing operations before income tax expense	5,703	15,234
Tax at the Australian tax rate of 25% (2021 - 26%)	1,426	3,961
Adjustments for prior periods	154	-
Impact of future tax rate reduction	-	4
Non allowable expenses	94	328
Other assessable income	91	-
Non assessable items	(39)	(26)
Fully franked dividends received	(386)	(331)
Non-assessable revaluation gains	-	(3,714)
Revenue losses recognised during year	(320)	(738)
Capital losses recognised during year	(293)	(3,840)
Deferred tax items recognised during year	(624)	3,992
Income tax expense /(benefit)	103	(364)

c) Deferred tax

Deferred tax comprises:

	2022 $'000	2021 $'000
Deferred tax assets	-	234
Deferred tax liabilities	-	(285)
Net deferred taxes	-	(51)

d) Movements in net deferred tax

Movements in net deferred taxes during the year were:

	Provisions	Investments	Plant and equipment	Right of use assets	Lease liabilities	Tax losses carried forward	Other	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**
Balance at 30 September 2020	164	-	(683)	-	195	454	(259)	**(129)**
Deconsolidation	(164)	-	683	-	(195)	(454)	259	**129**
Other (charges)/credits to profit or loss	42	(4,027)	-	(99)	131	3,840	62	**(51)**
Balance at 30 September 2021	42	(4,027)	-	(99)	131	3,840	62	**(51)**
(Charges)/credits to profit or loss	(42)	(424)	-	47	(60)	592	(62)	**51**
Balance at 30 September 2022	**-**	**(4,451)**	**-**	**(52)**	**71**	**4,432**	**-**	**-**

e) Tax losses

The Group has a further $17.7 million of tax losses which have not been brought to account at 30 September 2022. These losses are subject to utilisation rules in future periods such as the Continuity of Ownership Test or Same Business Test.

f) Significant estimates

Tax benefit includes $4.4 million from the recognition of gross Deferred Tax Assets (DTA) on the balance sheet. It is a key assumption that the Group will be able to manage the timing of the reversal of deferred tax liabilities to offset with the deferred tax assets, or continue to generate ongoing taxable income to be able to utilise this DTA, and that, in particular, any tax losses recognised on the balance sheet will remain available for use across future periods, including by ongoing satisfaction of Income Tax rules such as the Continuity of Ownership Test or Same Business Test.

g) Accounting Policies

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available for utilisation.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have implemented tax consolidation, and entered into tax funding and tax sharing agreements.

The head entity, Hancock & Gore Ltd and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right, adjusted for intercompany transactions.

In addition to the current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities, recorded at the tax equivalent amount, arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

12 Trade and other receivables

	2022 $'000	2021 $'000
Current:		
Trade receivables	**272**	248
Provision for expected credit losses	**(29)**	-
Trade receivables	**243**	248
Deferred consideration receivable	**1,050**	-
Other	**74**	177
Other receivables	**1,124**	177
Trade and other receivables	**1,367**	425
Loans to related parties	**1,295**	902
Total receivables	**2,662**	1,327

Further information relating to loans to related parties and key management personnel is set out in note 20.

a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

b) Allowance for expected credit losses

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group has historically had immaterial levels of credit losses which have resulted in non-recovery of amounts outstanding from trade receivables. Recognition of an expected credit loss in the provision for doubtful debts is based predominantly on the estimated recoverability of specific long overdue debtor balances. A provision is raised against debtors to reflect historical loss experience on debtors with similar characteristics. The trade receivable is retained on the balance sheet net of the expected credit loss provision pending the outcome of any recovery activities.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off remain subject to enforcement activities.

The Group has not experienced a material change in credit losses arising from COVID-19 impacts on our customers.

c) Deferred consideration receivable

As part of the sale of BLC Cosmetics to Anagenics Limited (ASX: AN1), the Group is entitled to deferred consideration based on the results of BLC Cosmetics in the year to 30 September 2022. The first $700,000 is payable in cash with Anagenics having the right to pay the excess in Anagenics shares, subject to necessary approvals.

13 Property, plant and equipment

	2022	2021
	$'000	$'000
Plant and equipment		
Gross value	183	183
Accumulated depreciation	(144)	(102)
Net carrying value	39	81

a) Movements during the year

	Plant and equipment $'000	Rental equipment $'000	**Total** **$'000**
Net book amount at 30 September 2020	1,105	3,432	**4,537**
Derecognition on deconsolidation	(997)	(3,432)	**(4,429)**
Additions	14	-	**14**
Disposals	(1)	-	**(1)**
Depreciation charge	(40)	-	**(40)**
Net book amount at 30 September 2021	81	-	**81**
Depreciation charge	(42)	-	**(42)**
Net book amount at 30 September 2022	**39**	**-**	**39**

b) Accounting policies

Plant and equipment and rental equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Revaluation, depreciation methods and useful lives

Items of plant and equipment are depreciated over their estimated useful lives using the straight line or reducing balance methods. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period.

The cost of improvements to or on leasehold properties is depreciated over the lesser of the period of the lease or the estimated useful life of the improvement.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 3 to 10 years
- Rental equipment 1 to 7 years

14 Intangible assets

	2022	2021
	$'000	$'000
Intangible assets		
Goodwill	712	712
Impairment	-	-
Net carrying value of Goodwill	712	712

a) Movements during the year

	Goodwill	Other intangibles	**Total**
	$'000	$'000	**$'000**
Net book amount at 30 September 2020	2,499	1,170	**3,669**
Derecognition on deconsolidation	(2,499)	(1,170)	**(3,669)**
Additions	712	-	**712**
Net book amount at 30 September 2021	712	-	**712**
Net book amount at 30 September 2022	**712**	**-**	**712**

b) Allocation of goodwill

Goodwill at 30 September 2022 relates solely to the acquisition of Supervised Investments Australia Ltd (now H&G Investment Management Ltd (H&GIM)) on 24 March 2021.

c) Impairment testing

Determining whether goodwill is impaired requires an estimation of the value in use (VIU) of the cash generating units (CGU) to which goodwill has been allocated. The VIU calculation requires estimation of the future cash flows expected to arise from the cash generating unit, and application of a suitable discount rate to calculate present value.

The Company has undertaken an impairment assessment to compare the recoverable amount of each CGU to its carrying value, using a VIU approach.

The key assumption for the impairment assessment is the growth of Funds under Management (FUM) over the forecast period through investment performance and new investor subscriptions in existing and new investment entities. Following its acquisition by the Group, H&GIM has launched two new unlisted investment trusts and restructured the H&G High Conviction Fund to H&G High Conviction Limited (ASX: HCF), which listed post year end.

These initiatives combined with strong investment returns in the funds, have seen both management and performance fees generated exceed initial estimates. A pre-tax discount rate of 15.0% has been used for the calculation.

The impairment calculation is most sensitive to the assumption of investment performance. If investment performance was only 70% of forecast the carrying value of goodwill would approximate fair value per the VIU calculation.

d) Accounting policies

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the statement of profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

15 Trade and other payables

	2022 $'000	2021 $'000
Current:		
Trade payables and other payables	**667**	391
Loans from related parties	**60**	-
Total payables	**727**	391

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Further information relating to loans to related parties and key management personnel is set out in note 20.

16 Provisions

	2022 $'000	2021 $'000
Current		
Employee benefits	60	127
Restoration provision	-	-
	60	127
Non-current		
Employee benefits	34	42

a) Restoration provision

	2022 $'000	2021 $'000
Balance at start of the financial year	-	53
Derecognition on deconsolidation	-	(53)
Balance at end of the financial year	-	-

b) Accounting policies

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

A provision is recognised at the present value of the estimated expenditure required to remove any leasehold improvements.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and are capable of being measured reliably. Employee benefits expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at time of settlement. Employee benefit provisions, which are not expected to be settled wholly within 12 months, are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

Restoration provision

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

17 Leases

a) Right of use assets

	2022 $'000	2021 $'000
Property leases	**776**	776
Accumulated depreciation	**(570)**	(380)
	206	396

b) Movements in right of use assets during the year

	Property leases $'000	Vehicle leases $'000	Equipment leases $'000	**Total $'000**
Net book amount at 30 September 2020	3,919	338	120	**4,377**
Derecognition on deconsolidation	(2,084)	(338)	(120)	**(2,542)**
Derecognition on change of assumption	(1,281)	-	-	**(1,281)**
Depreciation charge	(158)	-	-	**(158)**
Net book amount at 30 September 2021	396	-	-	**396**
Depreciation charge	(190)	-	-	**(190)**
Net book amount at 30 September 2022	**206**	**-**	**-**	**206**

c) Lease liabilities

	2022 $'000	2021 $'000
Current	**262**	245
Non-current	**23**	281
	285	526

d) Amounts recognised in statement of profit or loss

	2022 $'000	2021 $'000
Interest expense on lease liabilities (included in finance costs)	**17**	26
Expense relating to short-term leases and low value assets (included in administration and other expenses	**40**	3

e) Accounting policies

Right-of-use-assets

The Group recognises right-of-use assets at the commencement of the lease (i.e. the date the underlying asset is available for use). The initial measurement of right-of-use assets includes the amount of liabilities recognised and lease payments made at or before the commencement date, less any incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Unless the Group is reasonably certain to obtain the ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight - line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments under AASB 136 Impairments of Assets.

Lease liabilities

At the commencement of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include renewal periods where the Group is reasonably certain to exercise the renewal option.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Variable lease payments include rent concessions in the form of rent forgiveness or a waiver as a direct consequence of the COVID-19 pandemic.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has made use of the practical expedient available on transition to AASB16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB117 and interpretation 4 will continue to be applied to those leases entered or changed before 1 October 2019.

Short-term lease and leases of low-value assets

The Group applies a recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies a recognition exemption to leases that are considered of low value.

Lease payments on short-term and low-value leases are recognised as expense on a straight-line basis over the lease term.

Judgements in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After initial recognition, the Group reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise (or not to exercise) the option to renew.

f) Extension and termination options

Extension and termination options are included in the property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The extension option in the remaining office and warehouse lease has not been included in the lease liability as the Group no longer occupies the premises.

18 Reserves

	2022 $'000	2021 $'000
Profit reserve	**17,181**	15,599
Option reserve	**1,296**	1,296
Share based payments reserve	**709**	348
Other reserves	**265**	265
	19,451	17,508

The Profit reserve represents amounts appropriated from annual profits and kept segregated to allow for ongoing dividend payments.

The Option reserve represents the fair value of options granted over Company shares as payment for capital raising services.

The Share Based Payments reserve represents the expense recognised in relation to share related dealings with employees, including Performance Rights and the Employee Loan Funded Share Plan.

Other reserves include the excess of the purchase consideration over the share of net assets acquired on the increase in equity interests, classified as common controlled transactions under AASB 3 Business Combinations, and the Group's share of movements in the reserves of equity accounted associates.

19 Parent entity financial information

	2022 $'000	2021 $'000
Balance sheet		
Current assets	**27,757**	16,789
Non-current assets	**36,518**	31,457
Total assets	**64,275**	48,246
Current liabilities	**438**	335
Non-current liabilities	**300**	315
Total liabilities	**738**	650
Net assets	**63,537**	47,596
Issued capital	**72,623**	58,274
Reserves		
- Profit reserve	**34,976**	33,745
- Option reserve	**1,296**	1,296
- Share based payment reserve	**709**	348
- Other reserves	**265**	265
Retained profits and accumulated losses	**(46,332)**	(46,332)
Total equity	**63,537**	47,596
Profit or loss		
Profit or loss for the financial year	**5,248**	18,147
Total comprehensive income for the financial year	**5,248**	18,147

20 Related party transactions

a) Key management personnel compensation

	2022	2021
	$	$
Short-term employee benefits	**1,262,648**	822,932
Post-employment benefits	**97,026**	80,191
Long-term benefits	**16,887**	15,831
Termination benefits	**-**	230,000
Share-based payments	**356,868**	243,826
	1,733,429	1,392,780

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 15.

b) Other transactions with key management personnel

Entities related to Alexander Beard (200,000 units), Kevin Eley (100,000 units), Peter Miller (200,000 units), Cheryl Hayman (50,000 units), Phillip Christopher (100,000 units) and Nicholas Atkinson (70,000 units), subscribed for ordinary units at $1 per unit in the DP Trust.

Entities related to Phillip Christopher (1,000 units) and Nicholas Atkinson (250 units) subscribed for B Class units in the DP Trust at $1 per unit.

An entity related to Phillip Christopher subscribed for 10 shares in Mulga Capital Pty Ltd for $10.

There were no other transactions with key management personnel during the period.

c) Transactions with other related parties

The Group reports an investment entity. Accordingly, only those controlled entities whose main purpose and activities relate to the investment activities of the Group are consolidated. Transactions with related parties not forming part of the consolidated Group, during the year, are as follows:

The Group received dividends from Mountcastle Pty Ltd of $1,483,291 and Hamlon Pty Ltd of $1,050,000. These parties may have dividend payment restrictions imposed on them from time to time, by the related party's financiers, which could limit the ability of the Group to receive future distribution income.

The Group holds the head lease of premises used by related parties for warehousing and office space. Rent and occupancy costs of $302,000 were charged to Hamlon for the full financial year and $10,250 to BLC Cosmetics Pty Ltd for the period whilst it was a related party of the Group.

The Group and Hamlon share IT support and telecommunications services. $63,972 was recharged by the Group to Hamlon for costs paid by the Group.

Prior to resigning as Chief Financial Officer and Company Secretary of the Group to take-up a full-time position at Mountcastle group, Iain Thompson had been combining these roles at the Group and Mountcastle group. During the year, $62,500 was charged by the Group to Mountcastle for these services and Mountcastle recharged the Group $49,604 for leave entitlements assumed by Mountcastle on the transition.

DP Trust a unit trust set up by the Group during the year, and which is owned 70% by the Group, paid the Group $160,000 and $35,178 in establishment and management fees respectively during the year.

The Group loaned $500,000 to the Hyde Road Trust, a newly established trust which is owned 73% by the Group to pay a deposit on a property that settled after the year-end.

d) Loans to/from related parties

	Note	**2022**
		$
Loan balances at the beginning of the year		**902,217**
Movement in year-end outstanding accounts receivables and payables		**(167,267)**
Loans advanced to related parties		**500,000**
Loan balances at the end of the year		**1,234,950**
Shown on the balance sheet as:		
Loans to related parties	**12**	**1,294,707**
Loans from related parties	**15**	**(59,757)**
		1,234,950

21 Commitments and contingencies

a) Commitments

There are no significant lease commitments at balance date except those associated with the Right of Use Assets as outlined in note 17.

There are no significant capital expenditure commitments at balance date.

At balance date the Group had investment commitments of $2,695,000 including $2,285,000 to the Hyde Road Trust, as outlined in note 8.

b) Contingent liabilities

There are no significant contingent liabilities at balance date.

22 Summary of significant accounting policies

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain financial instruments.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The consolidated financial statements provide comparative financial information in respect of the previous period.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Compliance with Australian Accounting Standards

The consolidated financial statements of the Hancock & Gore Ltd Group have been prepared in accordance with Australian Accounting Standards Board (AASB) and interpretations issued by the AASB Interpretations Committee (AASB IC) applicable to companies reporting under AASB. The financial statements comply with AASB as issued by the Australian Accounting Standards Board (AASB).

b) Basis of consolidation

During the prior year, the Group adopted the "Investment Entity" basis of accounting as outlined in paragraph 27 of AASB10: Consolidated Financial Statements, whereby the fair value of each investee business unit is recognised as a single investment value in the balance sheet. Subsequent movements in the assessed fair value of the businesses are recognised within “Fair value gains on financial instruments at fair value through profit or loss” in the statement of profit or loss.

Group revenue arising from these businesses now reflects distributions made to the Group in its capacity as a shareholder of that business, rather than the underlying trading income and profits previously shown.

An entity that is not considered a standalone investee company, where the activities of the entity are substantially those of investing, will be consolidated into the Group in accordance with AASB10: Consolidated Financial Statements.

The consolidated financial statements comprise the financial statements of the Group and those controlled subsidiaries deemed to be carrying on investment activities as at 30 September 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an entity if and only if the Group has:

- Power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity);
- Exposure, or rights, to variable returns from its involvement with the entity; and
- The ability to use its power over the entity to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including:

- The contractual arrangement(s) with the other vote holders of the entity;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, unless this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

c) New accounting standards and interpretations

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 September 2022. The directors have not early adopted any of these new or amended standards or interpretations.

The directors have not finalised their assessment of these accounting standards on the Group and its financial reports, however on initial consideration they do not consider it likely there will be a material impact on the financial statements in future periods.

23 Remuneration of auditors

The auditor of the Group is UHY Haines Norton Sydney who were appointed at the AGM of the Company on 24 February 2021.

a) Amounts paid or due and payable to UHY Haines Norton Sydney and related network firms

	2022 **$**	2021 $
Audit or review of the financial report of the entity and any other entity in the consolidated group	**101,053**	80,000
Other non-audit services in relation to the entity and any other entity in the consolidated group	**56,971**	-
	158,024	80,000

Other non-audit services related to taxation services ($14,086) and an independent accountant's report for the prospectus of H&G High Conviction Limited ($42,885).

It is the Group's policy to engage the Group's auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are considered important.

b) Other auditors and their related network firms

H&G Investment Management Ltd paid $5,206 to Rothsay Audit & Assurance Pty Ltd for the audit of its 30 September 2021 financial report and has provided $8,000 to the same company for the audit of the 30 September 2022 financial report.

24 Segment information

Since the Group adopted the investment entity basis of accounting for an investment entity during the previous financial year, all income and expenses for the Group are considered derived from and incurred for the generation of investment income. As a result, and with effect from 1 October 2020, the Group operates as a single segment, Investing, and there are no separate reportable operating segments for the current or prior periods.

25 Interest in other entities

a) Categories of controlled entities

As described in Note 7, the Group has adopted the "Investment Entity" basis of accounting, and only those entities where the activities of the entity are substantially those of investing, are consolidated in the Group financial statements.

Certain immaterial entities have not been disclosed in the lists of controlled entities below.

b) Controlled entities consolidated into these financial statements as an investment entity

Name of entity	**Country of Incorporation**	**Ownership interest held by the Group 2022 %**	Ownership interest held by the Group 2021 %
Hancock & Gore Ltd	Australia	**100**	100
HGL Logistics Pty Ltd	Australia	**100**	100
HGL Investments Pty Ltd	Australia	**100**	100
H&G Investment Management Ltd	Australia	**100**	100
Mulga Capital Pty Ltd	Australia	**80**	-

c) Controlled entities accounted for as an investee and not consolidated into these financial statements

Name of entity	**Country of Incorporation**	**Ownership interest held by the Group 2022 %**	Ownership interest held by the Group 2021 %
Hamlon Pty Limited (trading as SPOS)	Australia	**100**	100
The Point-of-Sale Centre (New Zealand) Limited	New Zealand	**100**	100
Hyde Road Trust	Australia	**73**	-
DP Trust (*)	Australia	**70**	-
Pegasus Health Group	Australia	**-**	70
Certitude Healthcare Trust	Australia	**-**	70
BLC Cosmetics Pty Limited	Australia	**-**	100
BLC Cosmetics (NZ) Limited	New Zealand	**-**	100

(*) DP Trust has ordinary and B class units. The Group holds 70% of the ordinary units. The B class units convert into ordinary units on the occurrence of prescribed conversion events at 10% of the outperformance of the Trust compared to a 10% hurdle return. The Group holds 75% of the B class units with others held by Key Management Personnel of the Group.

d) Changes in controlled entities

In respect of controlled entities forming part of the investment entity:

- on 26 June 2022, the Group incorporated a new entity, Mulga Capital Pty Ltd; and
- during the prior period, on 23 March 2021, the Company acquired all of the equity in H&G Investment Management Ltd.

In respect of controlled entities that were not consolidated but accounted for as investments:

- during the period the Group disposed of its interests in Pegasus Healthcare Group and Certitude Healthcare Trust, on 16 September 2022, and BLC Cosmetics Pty Limited and BLC Cosmetics (NZ) Limited, on 2 November 2021; and
- during the prior period, the Company disposed of its interests in Baker & McAuliffe Holdings Pty Limited (trading as JSB Lighting) and JSB Lighting (New Zealand) Limited.

26 Non-controlling interests

	2022 $'000	2021 $'000
Balance at beginning of the financial year	-	1,884
Derecognised on deconsolidation	-	(1,884)
Profit attributable to non-controlling interests	-	-
Balance at beginning of the financial year	-	-

a) Accounting policies

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation, may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company

Directors' declaration

In the directors' opinion:

(a) the consolidated financial statements and notes set out on pages 18 to 53 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2022 and of its performance for the financial year ended on that date, and

(b) 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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Note 22(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by section 295A of the *Corporations Act2001*.

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

Alexander (Sandy) Beard
Director

24 November 2022

UHY Haines Norton
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hancock & Gore Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hancock & Gore Limited and the entities it controlled (together the Group) for the year-ended 30 September 2022, which comprises the consolidated statement of financial position as at 30 September 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 year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 September 2022 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

VALUATION OF FINANCIAL INSTRUMENTS

Why a key audit matter	How our audit addressed the risk
As an investment entity, the Group's investments in other entities are prescribed to be valued at fair value in accordance with AASB 9. This can involve significant judgement and estimation uncertainty, particularly for investments classed as level 2 or level 3 in the fair value hierarchy. The Group has significant investments and other financial instruments which are accounted at fair value. We considered the valuation of financial assets to be a significant risk area due to the materiality of the balance to the financial statements as a whole and the level of estimation uncertainty involved.	We performed the following audit procedures, amongst others: • We assessed the appropriateness of the Group's valuation policies; • We assessed whether the classification of financial assets appeared appropriate; • We agreed key inputs from management's calculation to supporting documentation, including confirmations and publically available market data; • We recalculated an expected fair value of financial assets and compared it to management's valuation • We performed procedures in accordance with Australian Auditing Standards for assessing the work of an expert employed by management • We also assessed the reasonability and completeness of the company's disclosures against the requirements of Australian Accounting Standards.

IMPAIRMENT OF GOODWILL

Why a key audit matter	How our audit addressed the risk
The Group has a significant goodwill balance relating to its acquisition of Supervised Investments Australia Limited (SIAL). AASB 136 requires entities to assess whether goodwill balances are impaired on at least an annual basis. This assessment involves significant judgement and estimation uncertainty. We considered this a significant risk area due to the materiality of the goodwill balance to the financial statements as a whole and the level of estimation uncertainty involved.	We performed the following audit procedures, amongst others: • We reconciled goodwill balances recorded to supporting documentation, including acquisition documentation • We assessed whether indicators of impairment were noted in respect of SIAL • We assessed the reasonability of management's impairment calculation including key assumptions • We performed an independent assessment of the value in use of SIAL in accordance with the requirements of AASB 136 and compared this to the relevant carrying value • We also assessed the reasonability and completeness of the company's disclosures against the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 September 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 September 2022.

In our opinion, the Remuneration Report of Hancock & Gore Limited for the year ended 30 September 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
24 November 2022

UHY Haines Norton
Chartered Accountants

Shareholder Information

The shareholder information set out below was applicable as at 15 November 2022.

Distribution of equity securities

The number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

a) Ordinary shares

Holding	Number of holders	Securities held	%
1 - 1000	319	127,936	0.06
1,001 - 5,000	319	844,160	0.37
5,001 - 10,000	151	1,185,004	0.53
10,001 - 100,000	332	12,370,392	5.49
100,001 and over	176	210,834,883	93.55
	1,297	225,362,325	100.00

b) Options

Holding	Number of holders	Securities held	%
1 - 1000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	2	200,000	2.86
100,001 and over	3	6,800,000	97.14
	5	7,000,000	100.00

c) Performance Rights

Holding	Number of holders	Securities held	%
1 - 1000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	2	13,500,000	100.00
	2	13,500,000	100.00

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary shares

No.	Name	Securities held	%
1	Sery Pty Limited	22,065,555	9.79
2	National Nominees Limited	15,109,462	6.70
3	Dr Ida Constable	10,750,000	4.77
4	Alexander Damien Harry Beard	9,390,724	4.17
5	Alexander Beard + Maire Beard <AD & MP Beard Super Fund A/C>	8,300,000	3.68
6	Aus Confec Pty Ltd	8,230,000	3.65
6	Green Family Pty Ltd <Green Family Super Fund2 A/C>	8,230,000	3.65
6	TSL Super Pty Ltd <TSL Super Fund A/C>	8,230,000	3.65
9	IJV Investments Pty Ltd	8,172,240	3.63
10	Mr Alexander Damien Harry Beard + Mrs Pascale Marie Beard <AD & MP Beard Super Fund A/C>	7,033,235	3.12
11	Merrill Lynch (Australia) Nominees Pty Limited	6,606,618	2.93
12	Cannington Corporation Pty Ltd <Cannington Super Fund A/C>	4,780,240	2.12
13	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	3,958,483	1.76
14	HSBC Custody Nominees (Australia) Limited	3,758,349	1.67
15	KJE Superannuation Pty Ltd <KJE Superannuation S/F A/C>	3,577,240	1.59
16	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	3,175,579	1.41
17	LPO Investments Pty Limited	2,879,070	1.28
18	Donus Australia Foundation Limited	2,800,000	1.24
19	Mrs Jennifer Ann Hershon	2,682,052	1.19
20	UBS Nominees Pty Ltd	2,500,000	1.11
		142,228,847	**63.11**

Substantial holders

The names of the substantial shareholders as disclosed in substantial shareholder notices received by theCompany:

Name	Date of last notice	Votes held	Voting %
Sery Group	14 February 2022	29,374,067	13.09%
Constable Group	09 December 2021	22,932,634	11.40%
AD & MP Beard ATF AD & MP Beard Superannuation Fund	14 February 2022	24,567,239	10.95%
Perennial Value Management Limited	28 June 2022	14,465,979	6.45%

Unmarketable parcels

The number of shareholders holding less than a marketable parcel (1,667 shares) is 399.