PACIFIC CURRENT GROUP

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ASX ANNOUNCEMENT

24 February 2023

APPENDIX 4D AND CONDENSED INTERIM FINANCIAL REPORT

In accordance with the Listing Rules of the Australian Securities Exchange ("ASX"), Pacific Current Group Limited (ASX:PAC) encloses for immediate release the following information:

1. Appendix 4D - Half Year Report; and
2. Condensed Interim Financial Report for the half year ended 31 December 2022.

-ENDS-

Authorised for lodgement by the Board of Pacific Current Group Limited.

CONTACT

For Investor enquiries:

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors, and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. As of 24 February 2023, Pacific Current Group has investments in 15 boutique asset managers globally

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

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

Current reporting period	- the half year ended 31 December 2022
Previous corresponding periods	- the half year ended 31 December 2021
	- the financial year ended 30 June 2022

2. Results for announcement to the market

Six-month period ended 31 December

		2022	2021	Increase /(Decrease)	
		$'000	$'000	$'000	%
2.1	Revenue from ordinary activities	22,491	18,978	3,513	18.51
	Underlying profit before interest and tax	19,313	18,003	1,310	7.28
	Net loss before tax	(12,238)	(22,297)	10,059	45.11
	Underlying net profit before tax	18,541	18,073	468	2.59
	Underlying net profit after tax (before minority interest)	14,960	14,783	177	1.20
2.2	Net loss from ordinary activities after tax attributable to members	(10,034)	(16,553)	6,519	39.38
	Underlying net profit from ordinary activities after tax attributable to members	14,090	14,594	(504)	(3.45)
2.3	Net (loss)/profit for the period attributable to members	(10,034)	(16,553)	6,519	39.38
	Underlying net profit for the period attributable to members	14,090	14,594	(504)	(3.45)

Underlying results are unaudited Non-IFRS measures. Refer to the attached Condensed Interim Financial Report for the half year ended 31 December 2022 for details of these calculations.

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

2.5 Record date for determining entitlements to the dividend
9 March 2023

2.6 Commentary on "Results for Announcement to the Market"

A brief explanation of any figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Condensed Interim Financial Report for the half year ended 31 December 2022.

3. Net tangible assets per security	**31 December 2022**	**30 June 2022**
Net tangible assets per security	$8.91	$9.23

4. Details of entities over which control has been gained or lost during the period

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

Name of entity	**Date control gained**
-	-

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

Name of entity	**Date control lost**
-	-

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

Type	**Payment date**	**Amount per Security (cents)**	**Franked amount per security (%)**	**Conduit foreign income per security**
2022 Final	11 October 2022	23.0	100.0	Nil

6. Details of any dividend or distribution reinvestment plans

On 27 August 2020, the Board approved a Dividend Reinvestment Plan ("DRP") for the Company. The Company's DRP will apply to the interim dividend. The last election date for the DRP will be 10 March 2023.

7. Details of associates and joint venture entities

	Ownership %	
	31 December 2022	30 June 2022
Aether General Partners	25.00	25.00
ASOP Profit Share LP	39.03	39.03
Astarte Capital Partners, LLP	44.46	44.46
Banner Oak Capital Partners, LP	35.00	35.00
Blackcrane Capital, LLC ("Blackcrane") [1]	-	25.00
Capital & Asset Management Group, LLP	40.00	40.00
Independent Financial Planners Group, LLC	24.90	24.90
Nereus Capital Investments (Singapore) Pte. Ltd ("NCI") [2]	74.19	8.72
Northern Lights Alternative Advisors LLP	23.00	23.00
Roc Group	30.01	30.01
Victory Park Capital Advisors, LLC	24.90	24.90
Victory Park Capital GP Holdco, L.P.	24.90	24.90
Copper Funding, LLC	50.00	50.00
Pennybacker Capital Management, LLC	16.50	16.50

	31 December 2022 $'000	31 December 2021 $'000
PAC share of profits of associates/joint venture [3]	5,255	7,419

Notes:

[1] – During the period, the Group redeemed its 25% interest in Blackcrane.

[2] – During the period, as a result of the settlement agreement, the Group's effective interest in NCI increased from 8.72% to 74.19%. The Group reassessed its investment in NCI and determined that the investment is a joint venture since the Group jointly controls NCI.

[3] – Further information on the contribution of these entities to the financial performance and financial position of the entity is contained in the attached Condensed Interim Financial Report for the Half Year ended 31 December 2022.

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

Not applicable

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

This Half Year Report is based on the attached Condensed Interim Financial Report for the half year ended 31 December 2022, which includes the Independent Auditor's Review Report. The Condensed Interim Financial Report for the half year ended 31 December 2022 is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Pacific Current Group Limited

(ABN 39 006 708 792)

Condensed Interim Financial Report
For the half-year ended 31 December 2022

Your Directors submit their Report for the half-year ended 31 December 2022.

DIRECTORS AND OFFICERS

The Directors and officers of Pacific Current Group Limited (the "Company") at the date of this report or at any time during the half-year ended 31 December 2022 were:

Name	Role
Mr. Antony Robinson	Independent Non-Executive Chairman
Mr. Paul Greenwood	Executive Managing Director
Mr. Jeremiah Chafkin	Non-Executive Director
Ms. Melda Donnelly	Non-Executive Director
Mr. Gilles Guérin	Non-Executive Director
Mr. Peter Kennedy	Non-Executive Director
Ms. Clare Craven	Company Secretary

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

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

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

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Investment activities during the period

On 31 August 2022, the Group through Aurora Investment Management Pty Ltd (as the Trustee of Aurora Trust), Hareon Solar Singapore Private Limited ("Hareon"), Nereus Capital Investments (Singapore) Pte. Ltd ("NCI") and Nereus Holdings Inc Group executed a Settlement and Release Deed (the "Deed") whereby the parties have agreed to the full satisfaction of the obligations of the Group to Hareon in the amount of USD11,869,000 ($17,718,000). The Group paid Hareon USD7,000,000 ($10,450,000) on 16 September 2022 and the remaining balance of USD4,869,000 ($7,269,000) on 31 October 2022. With the full settlement of the liability to Hareon, the Group's obligations to Hareon were terminated in its entirety pursuant to the Deed.

The Group now classifies its investment in NCI as a joint venture and continues to look for opportunities to exit the investment in an orderly fashion by actively offering the underlying investments for sale.

On 2 December 2022, the Group extended a Secured Credit Facility Promissory Note ("Credit Facility") to Astarte Capital Partners, LLP ("Astarte") of up to USD600,000 ($896,000). The Credit Facility has a term of five years and bears a 10% interest per annum. A draw down of USD250,000 ($357,000) was made by Astarte during the period. The transaction is classified as a financial asset at amortised cost.

On 14 December 2022, the Group extended a Credit Facility to Capital & Asset Management Group ("CAMG") of up to GBP200,000 ($351,000). The Credit Facility has a term of two years and bears a 10% interest per annum. A draw down of GBP100,000 ($175,000) was made by CAMG during the period. The transaction is classified as a financial asset at amortised cost.

On 21 December 2022, the Group partially settled its earn-out obligation to Pennybacker Capital Management, LLC ("Pennybacker") of USD1,591,000 ($2,375,000) as a result of reaching certain revenue thresholds for Pennybacker's income platforms.

On 31 December 2022, with the effect from 1 July 2022, Blackcrane Capital, LLC ("Blackcrane") purchased and redeemed the 25% equity ownership of the Group in Blackcrane with a potential value of up to USD250,000 ($373,000) to be paid as an earn-out. Blackcrane shall pay the Group in one or more instalments in an amount equal to, for each financial year, 50% of all Blackcrane's revenues in excess of USD1,500,000 ($2,239,000) until such time as the full amount of purchase price has been paid in full to the Group. At 31 December 2022, the fair value of the potential earn-out is USDnil.

Financing activities during the period

On 26 August 2022, the Company declared a fully franked final dividend in respect of the 2022 financial year. This was paid on 11 October 2022 totalling to $11,764,000 of which $10,500,000 was paid in cash and $1,264,000 was through the Dividend Reinvestment Plan ("DRP").

Refer to Dividend section in this report for further details.

On 24 October 2022, the Company secured a USD50,000,000 ($74,641,000) Senior Secured Debt Facility ("Debt Facility") from Washington H. Soul Pattinson and Company Limited ("WHSP"). The Debt Facility has a term of five years from the first draw down (subject to extension option) and bears an interest per annum of the aggregate of a term secured overnight financing rate (subject to a floor of 1%) and 4.8% margin. In addition, the Group is required to maintain a loan to net assets ratio of less than 0.5 times. The Debt Facility is secured by the assets of the Group.

On 26 October 2022, the initial amount of USD30,000,000 ($44,785,000), excluding the 2.5% discount on the proceeds of USD750,000 ($1,158,000), was drawn down. The remaining USD20,000,000 ($29,856,000) will be drawn down in two equal amounts as requested by the Company. The Debt Facility is classified as a financial liability at amortised cost.

Funds under management ("FUM")

As at 31 December 2022, the FUM of the Group's boutiques was $175,137,535,000 (30 June 2022: $169,288,461,000).

	Open-end Boutiques			Closed-end Boutiques		Total	Total
	FUM as at 30 June 2022 USD'000	New Investment/ (Divestment) USD'000	FUM as at 31 December 2022 USD'000	FUM as at 30 June 2022 USD'000	FUM as at 31 December 2022 USD'000	FUM as at 30 June 2022 USD'000	FUM as at 31 December 2022 USD'000
Tier 1 - Boutiques reporting in USD							
Aether Investment Partners, LLC	–	–	–	1,588,770	1,537,245	1,588,770	1,537,245
Banner Oak Capital Partners, LP[1]	–	–	–	6,237,400	6,780,300	6,237,400	6,780,300
Carlisle Management Company, S.C.A.[1]	1,124,708	–	1,060,081	1,032,198	1,008,916	2,156,906	2,068,997
GQG Partners Inc.	86,700,000	–	88,000,000	–	–	86,700,000	88,000,000
Proterra Investment Partners, LP[1]	–	–	–	4,020,836	3,869,463	4,020,836	3,869,463
Victory Park Capital Advisors, LLC[2]	–	–	–	5,435,855	5,637,129	5,435,855	5,637,129
	87,824,708	–	89,060,081	18,315,059	18,833,053	106,139,767	107,893,134
Tier 2 - Boutiques reporting in USD							
Astarte Capital Partners, LLP[3]	–	–	–	529,050	531,020	529,050	531,020
Blackcrane Capital, LLC	14,552	(14,552)	–	–	–	14,552	–
Capital & Asset Management Group, LLP	–	–	–	–	–	–	–
EAM Global Investors, LLC	1,415,067	–	1,412,188	–	–	1,415,067	1,412,188
Pennybacker Capital Management, LLC[1]	–	–	–	2,370,644	2,854,348	2,370,644	2,854,348
Strategic Capital Investors, LLP	–	–	–	–	–	–	–
	1,429,619	(14,552)	1,412,188	2,899,694	3,385,368	4,329,313	4,797,556
Total Boutiques reporting in USD	89,254,327	(14,552)	90,472,269	21,214,753	22,218,421	110,469,080	112,690,690
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total Boutiques reporting in USD (converted in Australian dollar)	129,275,409	(22,162)	132,791,578	30,727,316	32,611,311	160,002,725	165,402,889
Tier 2 - Boutiques reporting in Australian dollar							
Roc Partners Capital Pty Ltd	–	–	–	9,285,736	9,734,646	9,285,736	9,734,646
Total	**129,275,409**	**(22,162)**	**132,791,578**	**40,013,052**	**42,345,957**	**169,288,461**	**175,137,535**

Boutique	Total FUM as at 30 June 2022 $'000	Inflows from Boutique Acquisitions $'000	Net Flows[4] $'000	Other[5] $'000	Foreign Exchange Movement[6] $'000	Total FUM as at 31 December 2022 $'000
Tier 1 (excluding GQG Partners Inc.)[7]	28,156,437	–	471,850	201,761	368,298	29,198,346
Tier 2	15,556,287	(22,162)	1,051,250	89,582	101,352	16,776,309
Subtotal	43,712,724	(22,162)	1,523,100	291,343	469,650	45,974,655
GQG Partners Inc.[7]	125,575,737	–	2,540,818	(109,260)	1,155,585	129,162,880
Total Boutiques	**169,288,461**	**(22,162)**	**4,063,918**	**182,083**	**1,625,235**	**175,137,535**

Notes:

1 Represent regulatory FUM from one quarter in arrears.

2 Victory Park Capital Advisors, LLC ("VPC") has sponsored multiple Special Purpose Acquisition Companies ("SPACs"). SPACs do not represent funds under management and are not reported in the numbers above. Rather, these amounts may economically benefit VPC through enhanced performance fees generated from the vehicles/funds managed by VPC that provide risk capital to the SPACs. VPC FUM includes its regulatory capital for 31 December 2022, as well as other client FUM where VPC is paid a one-time, upfront fee.

3 Represents aggregate FUM of funds managed by investment managers in which Astarte has an interest as well as the unallocated committed capital from funds managed by Astarte.

4 For Closed-end funds, Net Flows includes additional capital commitments. Distributions to limited partners of Closed-end funds will be reflected as reduction in Net Asset Value, which is included in the 'Other' category.

5 Other includes investment performance, market movement and distributions.

6 The Australian dollar ("AUD") weakened against the USA dollar ("USD") during the period. The AUD/USD was 0.6813 as at 31 December 2022 compared to 0.6904 as at 30 June 2022. The Net Flows and Other items are calculated using the average rates.

7 GQG Partners Inc. ("GQG Inc)" being a listed entity is shown separately. GQG Inc continues to be a Tier-1 boutique in the Group portfolio.

The relationship between the boutiques' FUM and the economic benefits received by the Group can vary dramatically based on factors such as:

- the fee structures of each boutique including whether revenue is generated off committed or invested capital;
- the Group's ownership interest in the boutique; and
- the specific economic features of each relationship between the Group and the boutique.

Accordingly, the Company cautions against simple extrapolation based on FUM trends.

Tier 1 Boutique is a term used to describe an asset manager that the Group expects to produce at least $4,000,000 of annual earnings for the Group while a Tier 2 Boutique is one that the Group expects will contribute less than this. Although there is no guarantee that any boutique will meet this threshold, this categorisation is intended to provide insight into which boutiques are expected to be the most economically impactful to the Group.

Open-end is a term used by the Group to indicate FUM that are not committed for an agreed period and therefore can be redeemed by an investor on relatively short notice. Closed-end is a term used by the Group to denote FUM where the investor has committed capital for a fixed period and redemption of these funds can only eventuate after an agreed time and in some cases at the end of the life of the fund.

FINANCIAL REVIEW

Operating results for the period

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

Underlying NPAT attributable to members of the Company

The Group generated a net loss before tax ("NLBT") of $12,238,000 for the half-year ended 31 December 2022 (31 December 2021: NLBT of $22,297,000); a decrease of 45.11%. This result, however, has been significantly impacted by non-cash, non-recurring and/or unusual items. Normalising this result for the impact of these non-cash, non-recurring and/or unusual items results in underlying NPAT to members of the Company of $14,090,000 (31 December 2021: $14,594,000), a decrease of 3.45%.

	31 December 2022 $'000	31 December 2021 $'000
Reported NLBT	(12,238)	(22,297)
Non-cash items		
- Amortisation of identifiable intangible assets[1]	4,508	3,040
- Fair value adjustments of financial assets at fair value through profit or loss ("FVTPL")	15,812	32,709
- Fair value adjustments of financial liabilities at FVTPL	3,318	724
- Impairment of investments[2]	(9)	2,400
- Share-based payment expenses	1,029	229
- Other	2	–
	24,660	39,102
Non-recurring		
- Legal, consulting expenses, deal costs and break fee costs[3]	1,179	870
- Provision for estimated liability to Hareon	4,927	335
- Net foreign exchange loss	13	63
	6,119	1,268
Unaudited underlying NPBT	18,541	18,073
Income tax expense[4]	(3,581)	(3,290)
Unaudited underlying NPAT	14,960	14,783
Less: share of non-controlling interests	(870)	(189)
Unaudited underlying NPAT attributable to members of the Company	14,090	14,594
Unaudited underlying earnings per share (cents)[5]	27.52	28.66

Notes:

[1] The amortisation of identifiable intangible assets included the amortisation of intangible assets of the associates amounting to $2,989,000 (31 December 2021: $1,670,000). The amortisation is recorded as an offset to the share in net profit of the associates.

[2] The prior period impairment of investments relates to the impairment of the Group's investment in associates (Blackcrane and CAMG).

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

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

[5] The unaudited underlying earnings per share (cents) was divided by the weighted average number of ordinary shares on issue of 51,191,325 shares (31 December 2021: 50,925,258).

Non-IFRS Financial Measures

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

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

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

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

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year:

	Cents per Share	Total Amount $'000	Franked at 30%	Date of Payment
Declared and paid during the period:				
- Final for 2022 on ordinary shares	23.00	11,764	100%	11 October 2022
Declared after the end of the period:				
- Interim for 2023 on ordinary shares	15.00	7,701	100%	13 April 2023

On 26 August 2022, the Directors of the Company declared a final fully franked dividend of 23 cents per share. The final dividend for 2022 financial year was eligible for the DRP. The total dividends included reinvested amount of $1,264,000 with equivalent number of shares of 176,562.

On 24 February 2023, the Directors of the Company declared an interim fully franked dividend of 15 cents per share (25 February 2022: 15 cents per share). The interim dividend for 2023 financial year will be eligible for the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2022 condensed interim financial statements.

Cash flows

Set out below is a summary of the cash flows for the half-year ended 31 December 2022.

	31 December 2022 $'000	31 December 2021 $'000
Cash provided by operating activities	2,463	9,939
Cash (used in)/provided by investing activities	(19,951)	2,775
Cash provided by/(used in) financing activities	30,065	(12,515)
Net increase in cash and cash equivalents	12,577	199

Operating activities

Cash flows from operations have decreased from $9,939,000 in the prior period to $2,463,000 in the current period. This was mainly attributed to the increase in income tax paid from $2,237,000 in the prior period to $13,598,000 for this period. An income tax refund of $2,551,000 was also received in the prior period. In addition, payment of interest also increased from $20,000 in the prior period to $727,000 mainly from the interest on the Debt Facility.

Investing activities

Cash flows from investing activities have decreased from a net inflow of $2,775,000 in the prior period to net outflow of $19,951,000 in the current period. This was mainly attributed to settlement of Hareon liability of $17,718,000 during the period. In the prior period this was primarily attributed to the proceeds from the disposal of 20% of equity interest in GQG Partners LLC of $58,579,000 after transaction costs and offset by the acquisition of Banner Oak Capital Partners, LP ("Banner Oak") of $47,843,000 and additional contributions to associates of $6,446,000.

Financing activities

Cash flows from financing activities increased from $12,515,000 net cash outflow in the prior period to net cash inflow of $30,065,000 in the current period. This was mainly attributed to the proceeds from the Debt Facility of $44,785,000 and offset by the payment of dividends of $10,500,000 excluding dividends reinvested of $1,264,000 (31 December 2021: $11,729,000 excluding dividends reinvested of $1,486,000).

Normalised Cash Flow from Operations

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

	31 December 2022 $'000	31 December 2021 $'000
Unaudited underlying NPBT	**18,541**	**18,073**
Cash items[1]:		
- Distributions and dividends received	22,814	13,029
- Net interest (paid)/received	(641)	102
	22,173	13,131
Non-cash items[2]		
- Distributions and dividends income	(13,173)	(10,288)
- Share of profits of associates and joint venture	(8,244)	(9,089)
- Net interest expense/(income)	780	(60)
- Depreciation and amortisation	290	236
	(20,347)	(19,201)
Increase/decrease in assets and liabilities[3]	(3,594)	(1,114)
Unaudited underlying pre-tax cash from operations	**16,773**	**10,889**
Non-recurring/infrequent items[4]		
- Legal, consulting expenses, deal costs and break fee costs	(1,179)	(870)
- Provision for estimated liability to Hareon	–	(335)
- Net foreign exchange gain/(loss)	468	(59)
	(711)	(1,264)
Pre-tax cash from operations	**16,061**	**9,625**
Net income tax (paid)/refunded	(13,598)	314
Cash provided by operating activities	**2,463**	**9,939**

The main drivers for the decrease in the cash provided by operating activities during the period is primarily the payment of income taxes.

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

Financial position

Set out below is a summary of the financial position as at 31 December 2022.

	31 December 2022 $'000	30 June 2022 $'000
Cash and cash equivalents	47,152	34,886
Other current assets	22,658	12,116
Current liabilities	(8,613)	(22,773)
	61,197	24,229
Non-current assets	542,110	557,715
Non-current liabilities	(92,284)	(55,218)
	511,023	526,726
Non-controlling interest	(1,472)	(1,916)
Net Assets attributable to the members of the Company	**509,551**	**524,810**
	$	$
Net assets per share at the end of the period	**9.93**	**10.26**

Included in the cash balances are amounts held by operating subsidiaries. The remainder of the cash and cash equivalents at 31 December 2022 amounted to $40,462,000 (30 June 2022: $23,480,000) which was held by Central Administration that can be used to provide the Group with liquidity and flexibility to fund future acquisition of new businesses.

The decrease in net assets is attributed mainly to the decrease in value of the fair value investments of the Group.

The increase in net current assets is attributed to the proceeds of the Debt Facility as this was not yet fully utilised at end of 31 December 2022.

Set out below is a summary of the contribution to the net assets of the Group from the boutique investments:

	31 December 2022 $'000	30 June 2022 $'000
Aether Investment Partners, LLC ("Aether") and Aether General Partners	54,187	55,001
Astarte and ASOP Profit Share LP ("ASOP PSP")	7,709	7,638
Banner Oak	51,208	51,308
Carlisle Management Company, S.C.A. ("Carlisle")	70,611	75,179
EAM Global Investors, LLC ("EAM Global")	10,694	14,381
GQG Inc	166,174	173,917
IFP Group, LLC ("IFP")	9,626	9,568
Pennybacker	23,609	24,642
Proterra Investment Partners, LP ("Proterra")	41,179	40,404
Roc Group	10,500	9,547
VPC and Victory Park Capital GP Holdco, L.P. ("VPC-Holdco")	80,983	81,605
Other	5,030	7,052
Book value of boutique investments	**531,510**	**550,242**

OTHER MATTERS

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by Michael Brendan Patrick de Tocqueville and ASI Mutual Pty Limited (collectively "ASI") seeking leave of the court to commence a derivative action on behalf of the Company against individuals serving as Directors at the time of the 2014 merger between the Company and the Northern Lights Capital Group, LLC (including two current Directors) for matters arising out of the merger. On 20 February2020, the Federal Court of Australia granted ASI leave to bring the proceedings. Omni Bridgeway (Fund 5) Australian Invt. Pty Ltd ("Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share.

AUDITOR INDEPENDENCE

The Directors received an independence declaration from the auditors of the Group. A copy of the declaration is set out on page 13.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

On 24 February 2023, the Directors of the Company declared an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is $7,701,000 which represents a fully franked dividend of 15 cents per share. The interim dividend for 2023 financial year will be eligible for the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2022 condensed interim financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 31 December 2022 that has significantly affected or may significantly affect either the operations or the state of affairs of the Group.

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

On behalf of the Directors

Antony Robinson
Chairman

24 February 2023

Building a better working world

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Auditor's independence declaration to the directors of Pacific Current Group Limited

As lead auditor for the review of the half-year financial report of Pacific Current Group Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

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

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

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

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

Ernst & Young

Ernst & Young

RDaSilva

Rita Da Silva
Partner
24 February 2023

	Note	31 December 2022 $'000	31 December 2021 $'000
Revenue	1	**9,247**	**8,605**
Other income and net gains/(losses) on investments and financial instruments			
Distributions and dividend income	2	13,173	10,288
Sundry income	2	71	85
Net change in fair values of financial assets and liabilities	2	(19,130)	(33,433)
		(5,886)	**(23,060)**
Expenses			
Salaries and employee benefits	3	(7,492)	(6,460)
Impairment expense	3	9	(2,400)
Administration and general expenses	3	(10,711)	(4,769)
Depreciation and amortisation expense	3	(1,810)	(1,606)
Interest expense	3	(850)	(26)
		(20,854)	**(15,261)**
Share of net profits of associates and joint venture accounted for using the equity method	19	5,255	7,419
Loss before income tax benefit		**(12,238)**	**(22,297)**
Income tax benefit	4	3,074	5,933
Loss for the period		**(9,164)**	**(16,364)**
Attributable to:			
The members of the Company		(10,034)	(16,553)
Non-controlling interests		870	189
		(9,164)	**(16,364)**
Loss per share attributable to members of the Company (cents per share):			
- Basic	6	(19.60)	(32.51)
- Diluted	6	(19.60)	(32.51)
Franked dividends paid per share (cents per share) for the period	14	23.00	26.00

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

	Note	31 December 2022 $'000	31 December 2021 $'000
Loss for the period		**(9,164)**	**(16,364)**
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets, net of income tax	13	(2,862)	138,875
Effect of foreign currency differences in investment revaluation reserve	13	63	2,154
		(2,799)	141,029
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	13	7,164	10,780
Share in foreign currency reserve of an associate, net of income tax	13	(56)	76
		7,108	10,856
Other comprehensive income for the period		**4,309**	**151,885**
Total comprehensive (loss)/income		**(4,855)**	**135,521**
Attributable to:			
The members of the Company		(5,736)	135,327
Non-controlling interests		881	194
		(4,855)	**135,521**

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

	Note	31 December 2022 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents		47,152	34,886
Trade and other receivables	8	7,542	9,017
Other financial assets	9	616	1,190
Current tax assets	4	13,346	753
Other assets		1,154	1,156
Total current assets		**69,810**	**47,002**
Non-current assets			
Trade and other receivables	8	1,189	1,796
Other financial assets	9	289,454	304,785
Plant and equipment		1,866	781
Right-of-use assets		710	834
Intangible assets	18	53,547	54,315
Investments in associates and a joint venture	19	195,235	195,117
Other assets		109	87
Total non-current assets		**542,110**	**557,715**
Total assets		**611,920**	**604,717**
Current liabilities			
Trade and other payables		6,040	8,800
Provisions	10	434	12,822
Financial liabilities		106	133
Lease liabilities		311	281
Current tax liabilities	4	1,722	737
Total current liabilities		**8,613**	**22,773**
Non-current liabilities			
Provisions	10	37	34
Financial liabilities	11	53,568	11,064
Lease liabilities		628	771
Deferred tax liabilities	4	38,051	43,349
Total non-current liabilities		**92,284**	**55,218**
Total liabilities		**100,897**	**77,991**
Net assets		**511,023**	**526,726**
Equity			
Share capital	12	188,276	186,927
Reserves	13	78,605	73,415
Retained earnings		242,670	264,468
Total equity attributable to members of the Company		509,551	524,810
Non-controlling interests		1,472	1,916
Total equity		**511,023**	**526,726**

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

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2022	**186,927**	**73,415**	**264,468**	**1,916**	**526,726**
(Loss)/profit for the period	–	–	**(10,034)**	**870**	**(9,164)**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve, net of income tax	–	(2,799)	–	–	(2,799)
(ii) Net movement in foreign currency translation reserve	–	7,153	–	11	7,164
(iii) Share in foreign currency reserve of an associate, net of income tax	–	(56)	–	–	(56)
Total comprehensive income/(loss) for the period	**–**	**4,298**	**(10,034)**	**881**	**(4,855)**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue cost and income tax (Note 12)	1,349	–	–	–	1,349
(ii) Dividends paid (Note 14)	–	–	(11,764)	(1,325)	(13,089)
(iii) Share-based payments	–	1,029	–	–	1,029
(iv) Vesting of performance rights (Note 20)	–	(137)	–	–	(137)
Total transactions with members in their capacity as members	**1,349**	**892**	**(11,764)**	**(1,325)**	**(10,848)**
Balance as at 31 December 2022	**188,276**	**78,605**	**242,670**	**1,472**	**511,023**
Balance as at 1 July 2021	**184,655**	**120,847**	**96,876**	**432**	**402,810**
(Loss)/profit for the period	**–**	**–**	**(16,553)**	**189**	**(16,364)**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve, net of income tax	–	141,029	–	–	141,029
(ii) Net movement in foreign currency translation reserve	–	10,775	–	5	10,780
(iii) Share in foreign currency reserve of an associate, net of income tax	–	76	–	–	76
Total comprehensive income/(loss) for the period	**–**	**151,880**	**(16,553)**	**194**	**135,521**
Transfers between reserves	**–**	**(227,773)**	**227,773**	**–**	**–**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue cost and income tax (Note 12)	1,486	–	–	–	1,486
(ii) Dividends paid (Note 14)	–	–	(13,215)	(572)	(13,787)
(iii) Share-based payments	–	229	–	–	229
Total transactions with members in their capacity as members	**1,486**	**229**	**(13,215)**	**(572)**	**(12,072)**
Balance as at 31 December 2021	**186,141**	**45,183**	**294,881**	**54**	**526,259**

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

	Note	31 December 2022 $'000	31 December 2021 $'000
Cash flow from operating activities			
Receipts from customers		9,414	7,918
Payments to suppliers and employees		(15,526)	(11,425)
Distributions and dividends received		22,814	13,029
Interest received		86	123
Interest paid		(727)	(20)
Net income tax (paid)/refunded		(13,598)	314
Net cash provided by operating activities	7	**2,463**	**9,939**
Cash flow from investing activities			
Collections of receivable from EAM Global		420	384
Collections of sublease receivable		–	121
Collections of receivable from Raven Capital Management, LLC ("Raven")		656	621
Collections of loans from an associate		–	615
Loans provided to associates		(532)	(342)
Net proceeds from disposal of GQG Partners, LLC		–	58,579
Repayments of Pennybacker (31 December 2021: Proterra) earn-out obligation		(2,375)	(2,662)
Repayment of Hareon liability		(17,718)	–
Payments for the purchase of financial assets at fair value through profit or loss ("FVTPL")		–	(68)
Payments for the purchase of an associate		–	(47,843)
Additional contributions to associates		(31)	(6,446)
Payment for the purchase of plant and equipment		(371)	(184)
Net cash (used in)/provided by investing activities		**(19,951)**	**2,775**
Cash flow from financing activities			
Proceeds from the Debt Facility		44,785	–
Transaction costs paid and discount from the Debt Facility		(2,714)	–
Repayments of principal portion of lease liabilities		(129)	(214)
Dividends paid		(10,500)	(11,729)
Dividends paid to non-controlling interest in a subsidiary		(1,325)	(572)
Payments for the purchase of shares to settle shared-based payments		(52)	–
Net cash provided by/(used in) financing activities		**30,065**	**(12,515)**
Net increase in cash and cash equivalents held		**12,577**	**199**
Cash at beginning of the period		34,886	28,298
Foreign exchange difference in cash		(311)	713
Cash at end of the period		**47,152**	**29,210**
Non-cash investing and financing activities			
Investing activities	7	–	627
Financing activities	7	1,349	2,113

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

Index to the Condensed Notes to the Interim Financial Statements

A. BASIS OF PREPARATION

This condensed interim consolidated financial report for the Company and the consolidated entities (the "Group") for the half-year ended 31 December 2022, was authorised for issue in accordance with a resolution of the Directors on 24 February 2023 and the Directors have the power to amend and reissue this financial report.

It has been prepared in accordance with AASB 134 '*Interim Financial Reporting*' ("AASB 134") and the *Corporations Act 2001*. Compliance with AASB 134 ensures that the financial statements and notes of the Group comply with International Financial Reporting Standard ("IFRS") IAS 34 '*Interim Financial Reporting*' as issued by the International Accounting Standards Board ("IASB"). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2022. It should also be considered together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial report for the year ended 30 June 2022, except for those disclosed in Note 22.

All amounts are presented in Australian dollars, unless otherwise stated.

The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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

a. Critical accounting estimates, judgments, and assumptions

The preparation of the condensed interim financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts in the condensed interim financial statements. Management continually evaluates its estimates and judgments in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its estimates and judgments on historical information and other factors, including expectations of future events that may have an impact on the Group. All estimates, judgments and assumptions made are believed to be reasonably based on the most current set of circumstances available to management. Actual results may differ from the estimates, judgments, and assumptions.

Significant estimates, judgments, and assumptions made by management in the preparation of the condensed interim financial statements are outlined below:

- Impairment of trade and other receivables – refer to Note 8;
- Valuation of financial assets at fair value and impairment of financial assets at amortised cost - refer to Note 9 and Note 15;
- Provisions – refer to Note 10;
- Valuation of financial liabilities at fair value - refer to Note 15;
- Impairment of goodwill and other identifiable intangible assets - refer to Note 18; and
- Impairment of investments in associates - refer to Note 19.

B. GROUP RESULTS FOR THE PERIOD

This section provides information regarding the results and performance of the Group during the period, including further details on revenue, other income and net gains/(losses) on investments and financial instruments, expenses, income tax, segment information, earnings per share and reconciliation of cashflows.

1. Revenue

Analysis of balances

The Group derives its revenue from transfer of services over time and at a point in time as below:

	31 December 2022 $'000	31 December 2021 $'000
Timing of revenue recognition		
Over time		
- Fund management fees	6,779	6,257
- Performance fees	2,157	300
- Commission revenue	–	123
- Retainer revenue	287	351
- Sundry revenue	24	19
	9,247	7,050
At a point in time		
- Commission revenue	–	1,531
- Sundry revenue	–	24
	–	1,555
Total revenue	**9,247**	**8,605**

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

Analysis of balances

	31 December 2022 $'000	31 December 2021 $'000
Distributions and dividend income:		
- Financial assets at FVTPL	12,241	5,452
- Financial assets at fair value through other comprehensive income ("FVTOCI")	932	4,836
	13,173	**10,288**
Interest income:		
- Other persons/corporations	62	74
- Related party	9	11
Total interest income	**71**	**85**
Changes in fair values of financial assets and liabilities:		
Financial assets through profit or loss:		
- Investment in Carlisle	(5,669)	2,880
- Investment in GQG Inc	(10,240)	(36,429)
- Investment in Proterra	240	402
- Receivable from Raven	13	61
- Other	(156)	377
	(15,812)	(32,709)
Financial liabilities through profit or loss:		
- Earn-out obligations and deferred considerations	(3,318)	(260)
- CAMG put option	–	(464)
	(3,318)	(724)
Total changes in fair values of financial assets and liabilities through profit or loss	**(19,130)**	**(33,433)**

3. Expenses

Analysis of balances

	31 December 2022 $'000	31 December 2021 $'000
Salaries and employee benefits:		
- Salaries and employee benefits	6,463	6,231
- Share-based payment expense	1,029	229
Total salaries and employee benefits	**7,492**	**6,460**
Impairment expenses:		
- Impairment of investment in associates (Note 19):		
- Blackcrane	(9)	1,336
- CAMG	–	1,064
Total impairment expenses	**(9)**	**2,400**
Administration and general expenses:		
- Accounting and audit fees	934	730
- Commission and marketing expenses	176	151
- Computer and software maintenance expenses	295	225
- Deal, establishment, and litigation costs	1,179	870
- Directors' fees	375	374
- Insurance expenses	419	374
- Lease expenses	45	79
- Net foreign exchange gain	(5)	(15)
- Professional and consulting fees	1,083	717
- Provision for estimated liability to Hareon (refer to Note 10)	4,927	335
- Share registry and regulatory fees	99	102
- Taxes and license fees	310	248
- Travel and accommodation costs	469	162
- Other general expenses	405	417
Total administration and general expenses	**10,711**	**4,769**
Depreciation and amortisation expenses:		
- Depreciation of plant and equipment	152	121
- Amortisation of management rights	1,519	1,370
- Amortisation of right-of-use assets	139	115
Total depreciation and amortisation expenses	**1,810**	**1,606**
Interest expense:		
- Debt Facility	818	–
- Lease liabilities	32	26
Total interest expense	**850**	26
Total expenses	**20,854**	**15,261**

4. Income tax

Analysis of balances

Income tax expense/(benefit)

	31 December 2022 $'000	31 December 2021 $'000
Total income tax benefit recognised in profit or loss	**(3,074)**	**(5,933)**

Tax losses not recognised

- Unused tax losses for which no deferred tax asset has been recognised	1,000	1,756
- Potential tax benefit at relevant tax rate	**300**	**527**

The unused tax losses were incurred by the parent entity in Australia in respect to revenue losses (31 December 2021: parent entity in Australia in respect to revenue losses).

	31 December 2022 $'000	30 June 2022 $'000
Current tax assets		
Income tax receivable[1]	**13,346**	**753**
Current tax liabilities		
Provision for income tax[2]	**1,722**	**737**
Non-current liabilities – net deferred tax liabilities		
Components of net deferred tax liabilities:		
- Liabilities	43,952	47,603
- Assets	(5,901)	(4,254)
Net deferred tax liabilities	**38,051**	**43,349**

Notes:
[1] This is the estimated income tax receivable of $11,685,000 in the USA and $1,661,000 in Australia (30 June 2022: Australia).
[2] This is the estimated income tax liability in the UK (30 June 2022: $174,000 in the USA and $563,000 in the UK).

5. Segment information

a. Reportable segments

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

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

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

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

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

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

	Segment Category	
	31 December 2021	30 June 2022
Aether Investment Partners, LLC	Tier 1	Tier 1
Aether General Partners	Tier 1	Tier 1
Banner Oak Capital Partners, LP	Tier 1	Tier 1
Carlisle Management Company S.C.A.	Tier 1	Tier 1
GQG Partners Inc.	Tier 1	Tier 1
Proterra Investment Partners, LP	Tier 1	Tier 1
Victory Park Capital Advisors, LLC	Tier 1	Tier 1
Victory Park Capital GP Holdco, L.P.	Tier 1	Tier 1
Astarte Capital Partners, LLP	Tier 2	Tier 2
ASOP Profit Share LP	Tier 2	Tier 2
Blackcrane Capital, LLC	-	Tier 2
Capital & Asset Management Group, LLP	Tier 2	Tier 2
EAM Global Investors, LLC	Tier 2	Tier 2
IFP Group, LLC	Tier 2	Tier 2
Nereus Capital Investments (Singapore) Pte Ltd	Tier 2	Tier 2
Nereus Holdings, L.P.	Tier 2	Tier 2
Northern Lights Alternative Advisors, LLP ("NLAA")	Tier 2	Tier 2
Pennybacker Capital Management, LLC	Tier 2	Tier 2
Roc Group	Tier 2	Tier 2
Strategic Capital Investors, LLP	Tier 2	Tier 2

b. Analysis of balances

(i) Segment revenues and results

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

	Segment revenue		Share of net profits of associates		Segment profit/(loss) for the period	
	31 December 2022 $'000	31 December 2021 $'000	31 December 2022 $'000	31 December 2021 $'000	31 December 2022 $'000	31 December 2021 $'000
Tier 1 boutiques	6,667	7,793	4,220	7,167	2,404	(13,364)
Tier 2 boutiques	2,574	812	1,035	252	(4,577)	(1,077)
	9,241	8,605	5,255	7,419	(2,173)	(14,441)
Central administration	6	–	–	–	(6,991)	(1,923)
Total per consolidated statement of profit or loss	**9,247**	**8,605**	**5,255**	**7,419**	**(9,164)**	**(16,364)**

The following details segment revenue:

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administration $'000	Total $'000
31 December 2022				
Over time				
- Fund management fees	6,649	130	–	6,779
- Performance fees	–	2,157	–	2,157
- Commission revenue	–	–	–	–
- Retainer revenue	–	287	–	287
- Sundry revenue	18	–	6	24
	6,667	2,574	6	9,247
At a point in time				
- Commission revenue	–	–	–	–
- Sundry revenue	–	–	–	–
	–	–	–	–
	6,667	**2,574**	**6**	**9,247**

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administra-tion $'000	Total $'000
31 December 2021				
Over time				
- Fund management fees	6,243	14	–	6,257
- Performance fees	–	300	–	300
- Commission revenue	–	123	–	123
- Retainer revenue	–	351	–	351
- Sundry revenue	19	–	–	19
	6,262	788	–	7,050
At a point in time				
- Commission revenue	1,531	–	–	1,531
- Sundry revenue	–	24	–	24
	1,531	24	–	1,555
	7,793	**812**	–	**8,605**

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

	31 December 2022 $'000	31 December 2021 $'000
Revenue	6	–
Other income	23	13
Changes in fair values of financial assets and liabilities	13	61
	42	74
Salaries and employee benefits	(5,040)	(3,933)
Administration and general expenses	(4,019)	(3,817)
Depreciation and amortisation expenses	(205)	(165)
Interest expense	(843)	(15)
	(10,107)	(7,930)
Income tax benefit	3,074	5,933
Central administration net loss	**(6,991)**	**(1,923)**

(ii) Segment assets and liabilities

	Segment assets		Segment liabilities		Segment net assets	
	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000
Tier 1 boutiques	474,694	489,610	44,283	48,238	430,411	441,372
Tier 2 boutiques	79,236	87,746	14,363	27,492	64,873	60,254
	553,930	577,356	58,646	75,730	495,284	501,626
Central administration	57,990	27,361	42,251	2,261	15,739	25,100
Total per consolidated statement of financial position	**611,920**	**604,717**	**100,897**	**77,991**	**511,023**	**526,726**

6. Loss per share

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

	31 December 2022	31 December 2021
Basic loss per share:		
Net loss attributable to the members of the Company ($'000)	(10,034)	(16,553)
Weighted average number of ordinary shares for basic loss per share	51,191,325	50,925,258
Basic loss per share (cents)	**(19.60)**	**(32.51)**
Diluted loss per share:		
Net loss attributable to the members of the Company ($'000)	(10,034)	(16,553)
Weighted average number of ordinary shares for diluted loss per share	51,191,325	50,925,258
Diluted loss per share (cents)	**(19.60)**	**(32.51)**
Reconciliation of loss used in calculating loss per share:		
Net loss attributable to the members of the Company used in the calculation of basic loss per share ($'000)	(10,034)	(16,553)
Net loss attributable to the members of the Company used in the calculation of diluted loss per share ($'000)	(10,034)	(16,553)
Reconciliation of weighted average number of ordinary shares in calculating loss per share:		
Weighted average number of ordinary shares for basic loss per share	51,191,325	50,925,258
Dilution effect of outstanding options	–	–
Weighted average number of ordinary shares for diluted loss per share	51,191,325	50,925,258

7. Notes to consolidated statement of cash flows

Analysis of balances

a. Reconciliation of loss to net cash inflow from operating activities

	31 December 2022 $'000	31 December 2021 $'000
Loss from ordinary activities after income tax	(9,164)	(16,364)
Adjustments and non-cash items:		
- Changes in fair values of financial assets and liabilities	19,130	33,433
- Distribution and dividends received/receivable from associates and joint venture	7,580	1,247
- Provision for estimated liability to Hareon	4,927	335
- Depreciation and amortisation expense	1,810	1,606
- Share based payments	1,029	229
- Share of net profit from associates and joint venture	(5,255)	(7,419)
- Foreign exchange transactions	479	5
- Impairment of assets	(9)	2,400
- Other	152	40
Changes in operating assets and liabilities:		
- Decrease in trade and other receivables	2,219	810
- Increase in other assets	(18)	(86)
- Decrease in trade and other payables	(3,710)	(691)
- Increase in current tax assets/decrease in current tax liabilities	(11,903)	17,502
- Decrease in net deferred taxes	(4,770)	(23,121)
- (Decrease)/increase in provisions	(34)	13
Cash flows provided by operating activities	**2,463**	**9,939**

b. Non-cash investing and financing activities

	31 December 2022 $'000	31 December 2021 $'000
Investing activities:		
- Recognition of right-of-use assets	–	501
- Recognition of leasehold improvements	–	126
	–	**627**
Financing activities:		
- Dividends reinvested	1,264	1,486
- Issuance of shares from vesting of performance rights	85	–
- Recognition of lease liabilities	–	627
	1,349	**2,113**

C. OPERATING ASSETS AND LIABILITIES

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

8. Trade and other receivables

Analysis of balances

	31 December 2022 $'000	30 June 2022 $'000
Current		
Trade receivables	4,160	3,947
Distributions and dividend receivable	3,330	5,391
Sundry receivables	57	90
	7,547	9,428
Less allowance for expected credit losses	(5)	(411)
	7,542	**9,017**
Non-current		
Trade receivables	**1,189**	**1,796**

Impairment

For the half-year ended 31 December 2022, the expected credit losses for trade and other receivables were adequate and therefore no additional impairment provision was recognised (30 June 2022: $386,000 additional impairment provision was recognised). $406,000 of the balance of the loss allowance for expected credit losses was written off during the period.

9. Other financial assets

Analysis of balances

	Type of Instrument	31 December 2022 $'000	30 June 2022 $'000
Current			
Financial assets at amortised cost:			
- Receivable from EAM Global	Debt	550	567
- Loans receivable from IFP	Debt	66	–
		616	567
Financial assets at FVTPL:			
- Receivable from Raven	Debt	–	623
		616	**1,190**
Non-current			
Financial assets at amortised cost:			
- Loans receivable from Astarte[1]	Debt	361	–
- Loans receivable from CAMG[2]	Debt	178	–
- Receivable from EAM Global	Debt	–	407
- Loans receivable from IFP	Debt	–	65
		539	472
Less allowance for expected credit losses		(6)	(6)
		533	466
Financial assets at FVTPL:			
- Investment in GQG Inc	Equity	166,174	173,917
- Investment in Carlisle	Debt and Equity	70,611	75,179
- Investment in Proterra	Equity	41,179	40,404
- Other	Equity	157	306
		278,121	289,806
Financial assets at FVTOCI:			
- Investment in EAM Global	Equity	10,800	14,513
		289,454	**304,785**

Notes:

[1] On 2 December 2022, the Group extended a Credit Facility to Astarte of up to $896,000 (USD600,000). The Credit Facility has a term of five years and bears a 10% interest per annum. A draw down of $357,000 (USD250,000) was made by Astarte during the period.

[2] On 14 December 2022, the Group extended a Credit Facility to CAMG of up to $351,000 (GBP200,000). The Credit Facility has a term of two years and bears a 10% interest per annum. A draw down of $175,000 (GBP100,000) was made by CAMG during the period.

Impairment of other financial assets at amortised cost

Applying the expected credit loss model for other financial assets at amortised cost resulted in estimated loss of $6,000 at 31 December 2022 (30 June 2022: $6,000).

For the half-year ended 31 December 2022, the balance of the expected credit losses for other financial assets at amortised cost was considered adequate and therefore no impairment provision was recognised.

10. Provisions

Analysis of balances

	31 December 2022 $'000	30 June 2022 $'000
Current		
Provision for estimated liability for Hareon[1]	–	12,356
Provision for annual leave	434	466
	434	**12,822**
Non-current		
Provision for long service leave	**37**	**34**

Notes:

[1] Pertained to the value of the Hareon put option pursuant to the Aurora Share Subscription and Assignment Deed ("Aurora Subscription Deed"), dated 28 July 2015, between Aurora Investment Management Pty Ltd (as the Trustee of Aurora Trust), the Aurora Trust, Hareon, NCI and Nereus Holdings Inc. The Group agreed to make a contingent additional contribution to NCI of up to five over seven (5/7) of Hareon's capital contribution less any amounts funded under the Guarantee. The Additional Contribution to NCI in the amount of USD13,500,000 is reduced by the amount of Guarantee paid of USD1,605,000. This commitment is also disclosed in Note 16 to the condensed interim financial statements. The put option price is equivalent to a return of Hareon's invested capital plus a specified return on the invested capital.

On 31 August 2022, the Group through Aurora Investment Management Pty Ltd (as the Trustee of Aurora Trust), Hareon, NCI and Nereus Holdings Inc Group executed the Deed whereby the parties have agreed to the full satisfaction of the obligations of the Group to Hareon in the amount of $17,718,000 (USD11,869,000). The Group paid Hareon $10,450,000 (USD7,000,000) on 16 September 2022 and the remaining balance of $7,268,000 (USD4,869,000) on 31 October 2022. With the full settlement of the liability to Hareon, the Group's obligations to Hareon were terminated in its entirety pursuant to the Deed.

The Group now classifies its investment in NCI as a joint venture and continues to look for opportunities to exit the investment in an orderly fashion by actively offering the underlying investments for sale. At 31 December 2022, the carrying value of the Group's investment in NCI is $nil .

Movement of provision for estimated liability to Hareon for the period

	31 December 2022 $'000	30 June 2022 $'000
Opening balance	12,356	10,698
Provisions for the period	4,927	983
Repayments	(17,718)	(276)
Effect of foreign currency differences	435	951
Closing balance	**–**	**12,356**

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT

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

11. Financial liabilities

Analysis of balances

	31 December 2022 $'000	30 June 2022 $'000
Current		
Financial liabilities at FVTPL:		
- Deferred payment - former owners of EAM Global	**106**	**133**
Non-current		
Financial liabilities at Amortised Cost:		
- Senior Secured Debt Facility[1]	**41,399**	**–**
Financial liabilities at FVTPL:		
- Earn-out liability - Aether	4,805	4,639
- Earn-out liability - Pennybacker[2]	7,364	6,425
	12,169	**11,064**
	53,568	**11,064**

Notes:

[1] On 24 October 2022, the Company secured a $74,641,000 (USD50,000,000) Debt Facility from WHSP. The Debt Facility has a term of five years from the first draw down (subject to extension option) and bears an interest per annum of the aggregate of a term secured overnight financing rate (subject to a floor of 1%) and 4.8% margin. In addition, the Group is required to maintain a loan to net assets ratio of less than 0.5 times. The Debt Facility is secured by the assets of the Group.

On 26 October 2022, the initial amount of $44,785,000 (USD30,000,000), excluding the 2.5% discount on the proceeds of $1,158,000 (USD750,000) was drawn down. The remaining $29,856,000 (USD20,000,000) will be drawn down in two equal amounts as requested by the Company.

The transaction costs incurred on the Debt Facility amounted to $1,556,000.

[2] On 21 December 2022, the Group partially settled its earn-out obligation to Pennybacker of $2,375,000 (USD1,591,000) as a result of reaching certain revenue thresholds for Pennybacker's income platforms.

12. Share capital

a. Analysis of balances

	31 December 2022 $'000	30 June 2022 $'000
Issued and fully paid ordinary shares	**188,276**	**186,927**

Movements in ordinary shares on issue

	31 December 2022		30 June 2022	
	No. of shares	$'000	No. of shares	$'000
Opening balance	51,149,723	186,927	50,828,844	184,655
Shares issued				
- 13 October 2022 issuance to settle the vested performance rights	11,182	85		
- 11 October 2022 under the DRP	176,562	1,264	–	–
- 14 April 2022 under the DRP	–	–	112,171	786
- 7 October 2021 under the DRP	–	–	208,708	1,486
Closing balance	**51,337,467**	**188,276**	**51,149,723**	**186,927**

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

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

b. Capital management

The Company's capital management policies focus on ordinary share capital. When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders.

During the half-year ended 31 December 2022, the Company paid dividends of $11,764,000 including dividends reinvested of $1,264,000 (31 December 2021: dividends of $13,215,000 including dividends reinvested of $1,486,000). The Board anticipates that the median payout ratio to be in the range of 60% to 80% of the underlying net profit after tax of the Group. The Board continues to monitor the appropriate dividend payout ratio over the medium term.

The Board is constantly reviewing the capital structure to take advantage of favourable cost of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders or conduct share buybacks.

13. Reserves

Analysis of balances

	31 December 2022 $'000	30 June 2022 $'000
Investment revaluation reserve	(1,697)	1,102
Foreign currency translation reserve	71,502	64,405
Equity-settled employee benefits reserve	8,800	7,908
	78,605	**73,415**

(i) Investment revaluation reserve

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

Movements in reserve:

Opening balance	1,102	83,350
Movement in other comprehensive income:		
- Net fair value (loss)/gain on financial assets at FVTOCI, net of income tax	(2,862)	138,507
- Effect of foreign currency differences	63	2,978
	(2,799)	141,485
Transfers between reserves:		
- Reversal of the net fair value gain, net of income tax, on financial assets at FVTOCI derecognised during the period	–	(223,733)
Closing balance	**(1,697)**	**1,102**

(ii) Foreign currency translation reserve

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

Movements in reserve:

Opening balance	64,405	30,795
Movement in other comprehensive income:		
- Exchange differences on translating foreign operations of the Group	7,164	33,476
- Share in foreign currency reserve of an associate, net of income tax	(56)	51
- Share of non-controlling interests	(11)	83
Closing balance	**71,502**	**64,405**

(iii) Equity settled employee benefits reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 20 for further details of these plans.

Movements in reserve:

Opening balance	7,908	6,702
Share-based payments (refer to Note 20(i))	1,029	1,206
Value of shares issued to settle the vested performance rights	(137)	–
Closing balance	**8,800**	**7,908**

14. Dividends paid and proposed

Analysis of balances

	31 December 2022 $'000	31 December 2021 $'000
Previous financial year final dividend paid during the half-year:		
Fully franked dividend at 23 cents per share (31 December 2021: 26 cents per share)	11,764	13,215
Declared after the reporting period and not recognised[1]:		
Fully franked dividend at 15 cents per share (31 December 2021: 15 cents per share)	7,701	7,656

Notes:
[1] Calculation was based on the ordinary shares on issue as at 31 January 2023 (31 December 2021: 31 January 2022).

15. Fair value of financial instruments

Fair value estimation

(i) Fair value hierarchy

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

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

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

The following table represents the Group's assets and liabilities measured and recognised at fair value as at 31 December 2022 and 30 June 2022.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2022				
Financial assets	166,174	83	122,663	288,920
Financial liabilities	–	–	12,275	12,275
30 June 2022				
Financial assets	173,917	234	130,791	304,942
Financial liabilities	–	–	11,197	11,197

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

Financial instruments	31 December 2022 $'000	30 June 2022 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Financial assets at FVTPL					
Investments	111,863	115,655	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate	 0.17% to 28.89% (30 June 2022: 5.80% to 42.90%) 13.77% to 15.95% (30 June 2022: 12.20% to 15.80%) 3% (30 June 2022: 3%)	1% (30 June 2022: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $4,371,000 and increase by $5,130,000 (30 June 2022: decrease by $5,508,000 and increase by $6,525,000).

Financial instruments	31 December 2022 $'000	30 June 2022 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Receivable from Raven	–	623	Discounted Cash Flow - Projected revenue from the new FUM of the business - Discount rate	(30 June 2022: 33.33%) (30 June 2022: 5.91%)	30 June 2022: 1% lower or higher discount rate while all the other variables were held constant, the fair value would increase by $2,000 and decrease by $2,000.
Financial assets at FVTOCI					
Investments	10,800	14,513	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate	12.18% - 26.69% (30 June 2022: 7.60% to 12.20%) 19.05% (30 June 2022: 18.34%) 3% (30 June 2022: 3%)	1% (30 June 2022: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $439,000 and increase by $497,000 (30 June 2022: decrease by $549,000 and increase by $625,000).
Total	**122,663**	**130,791**			
Financial liabilities at FVTPL					
Earn out liabilities and deferred payments	12,275	11,197	Discounted Cash Flow - Projected revenue - Earn-out factor to earn-out multiplier - Discount rate	$13,354,000 (30 June 2022: $12,850,000) 50% (30 June 2022: 50%) 10.75% to 19.05% (30 June 2022: 9.88% to 18.34%)	1% (30 June 2022: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $149,000 and decrease by $146,000 (30 June 2022: increase by $157,000 and decrease by $153,000).
Total	**11,578**	**11,197**			

(ii) Transfers between levels and changes in valuation techniques

There were no transfers between the levels of fair value hierarchy during the period. There were also no changes made to any of the valuation techniques applied as at 31 December 2022.

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

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

	31 December 2022		30 June 2022	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets at amortised cost				
- Receivable from EAM Global	550	550	974	989
- Loans receivable from associates	605	642	65	74
Financial liabilities at amortised cost				
- Senior Secured Debt Facility	41,399	42,765	–	–

16. Capital commitments and contingencies

a. Capital commitments

The Group has outstanding capital commitments as follows:

	31 December 2022 $'000	30 June 2022 $'000
- Aether GPs (USD272,000) (30 June 2022: USD264,000)	400	382
- Additional Contribution to NCI (USD nil) (30 June 2022: USD11,895,000)[1]	–	17,229
Total capital commitments	**400**	**17,611**

Notes:

[1] With the full settlement of the liability to Hareon as disclosed in Note 10, the Group's capital commitments were terminated in its entirety pursuant to the Deed.

At 30 June 2022, Under the Aurora Subscription Deed and Shareholder's Deed referred in Note 10, the Group agreed to make an Additional Contribution to NCI in the amount of USD13,500,000; reduced by the amount of Guarantee paid of USD1,605,000.

b. Earn-out payments for the future funds of Aether

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

c. Contingent liabilities

The Group has outstanding contingent liabilities as follows:

- Guarantee to NCI (USD nil) (30 June 2022: USD5,000,000)[1]	–	7,242

Notes:

[1] With the full settlement of the liability to Hareon as disclosed in Note 10, the Group's contingent liabilities were terminated in its entirety pursuant to the Deed.

Prior to the full settlement of the liability to Hareon on 31 October 2022, the Group agreed to provide a guarantee ("Guarantee") to NCI of up to USD5,000,000 a year for each of the six years following the date of commission of the first solar project sponsored by NCI. This Guarantee was to cover any shortfall payments, which were basically the amounts that were drawn upon by NCI if and when certain prescribed thresholds in respect to annual revenues of NCI were not met.

The Shareholder's Deed required that an escrow account ("Escrow Account") be funded to be used to satisfy the Guarantee. These shortfall payments were drawn from the Escrow Account. The Group contributed additional amounts to the Escrow Account equal to any amounts drawn down by Nereus so that the balance of the of the Escrow Account was kept at USD5,000,000. The Group did not maintain the Escrow Account. Nevertheless, the Group had been honouring any shortfall payments by funding USD1,605,000 as at 30 June 2022.

d. Contingent assets

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by Michael Brendan Patrick de Tocqueville and ASI Mutual Pty Limited (collectively "ASI") seeking leave of the court to commence a derivative action on behalf of the Company against individuals serving as Directors at the time of the 2014 merger between the Company and the Northern Lights Capital Group, LLC (including two current Directors) for matters arising out of the merger. On 20 February 2020, the Federal Court of Australia granted ASI leave to bring the proceedings. Omni Bridgeway (Fund 5) Australian Invt. Pty Ltd ("Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share.

E. GROUP STRUCTURE

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

17. Interests in subsidiaries

The following are the Company's subsidiaries:

Name of subsidiaries	Country of incorporation	Ownership interest held by the Company	
		31 December 2022 %	30 June 2022 %
Aurora Investment Management Pty Ltd	Australia	100	100
The Aurora Trust	Australia	100	100
Treasury Group Investment Services Pty Ltd	Australia	100	100
Treasury ROC Pty Ltd[1]	Australia	100	100
Northern Lights MidCo, LLC (“Midco”)	USA	100	100
Northern Lights Capital Group, LLC	USA	100	100
NLCG Distributors, LLC	USA	100	100
Northern Lights Capital Partners (UK) Ltd (“NLCPUK”)	UK	100	100
Carlisle Acquisition Vehicle, LLC (“CAV”)[2]	USA	100	100
Strategic Capital Investors, LLP	UK	60	60
Northern Lights MidCo II, LLC	USA	100	100
Aether Investment Partners, LLC	USA	100	100

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

18. Intangible assets

a. Analysis of balances

	31 December 2022 $'000	30 June 2022 $'000
Goodwill, net of impairment	37,714	37,217
Other identifiable intangible assets, at carrying amount		
- Brand and trademark	7,926	7,821
- Management rights	7,907	9,277
	15,833	17,098
Total intangible assets	**53,547**	**54,315**

	Goodwill $'000	Brand and trademark $'000	Management rights $'000	Total $'000
Movement of intangible assets				
31 December 2022				
Opening balance	37,217	7,821	9,277	54,315
Amortisation	–	–	(1,519)	(1,519)
Effect of foreign currency differences	497	105	149	751
Closing balance	**37,714**	**7,926**	**7,907**	**53,547**
30 June 2022				
Opening balance	34,282	7,205	11,218	52,705
Amortisation	–	–	(2,761)	(2,761)
Effect of foreign currency differences	2,935	616	820	4,371
Closing balance	**37,217**	**7,821**	**9,277**	**54,315**
Cash generating units				
Goodwill and other identifiable intangible assets:				
31 December 2022				
- Aether	37,714	7,926	7,907	53,547
30 June 2022				
- Aether	37,217	7,821	9,277	54,315

b. Key estimates, judgments, and assumptions

Impairment of goodwill and other identifiable intangible assets

At the end of each half-year reporting period, management assesses the level of goodwill and other identifiable intangible assets of each of the underlying cash-generating units of the Group. Should a cash-generating unit underperform or not meet expected growth targets from prior expectations, a resulting impairment of the goodwill and other identifiable intangible assets is recognised if that deterioration in performance is deemed not to be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. Impairments of goodwill in relation to subsidiaries cannot be reversed if a business recovers or exceeds previous levels of financial performance.

Aether

The recoverable amount of Aether, a cash-generating unit, is determined based on a value in use calculation which uses cash flow projections. These cash flow projections include expected revenues from existing funds, which are largely certain, as well as anticipated new fund raising every two years. A five-year discrete period was applied as it is believed that it is sufficient time for the business to be in a steady state in terms of launching new funds based on the existing plan for the business. At 31 December 2022, management assessed goodwill and other identifiable intangible assets for impairment triggers and determined that no impairment is to be recognised (31 December 2021: nil).

19. Investment in associates and joint venture

Analysis of balances

Investment in associates	31 December 2022 $'000	30 June 2022 $'000
Opening balance	164,050	102,803
Acquisition of associates	–	48,257
Additional contribution to associates	31	6,973
Subsequent reclassification from FVTPL to investment in associate	–	1,983
Share of net profits of associates	5,232	7,968
Dividends and distributions received/receivable	(7,038)	(9,374)
Impairment (Note 3)	9	(3,796)
Share in foreign currency reserve of an associate	(81)	72
Effect of foreign currency differences	2,060	9,164
Closing balance	164,263	164,050
Investment in joint venture		
Opening balance	31,067	29,255
Share of net profit of a joint venture	23	162
Dividends and distributions received/receivable	(542)	(820)
Effect of foreign currency differences	424	2,470
Closing balance	30,972	31,067
Total	**195,235**	**195,117**

(i) Details of associates and joint venture

Associates	Principal activity	Ownership interest 31 December 2022 %	Ownership interest 30 June 2022 %	Place of incorporation and operation
Aether General Partners	Funds Management	25.00	25.00	USA
ASOP Profit Share LP	Investment Entity	39.03	39.03	Cayman Islands
Astarte Capital Partners, LLP	Funds Management	44.46	44.46	UK
Banner Oak Capital Partners, LP	Funds Management	35.00	35.00	USA
Blackcrane Capital, LLC	Funds Management	-	25.00	USA
Capital & Asset Management Group, LLP	Funds Management	40.00	40.00	USA/UK
IFP Group, LLC	Investment Adviser	24.90	24.90	USA
Northern Lights Alternative Advisors LLP	Placement Agent	23.00	23.00	UK
Roc Group	Funds Management	30.01	30.01	Australia
Victory Park Capital Advisors, LLC	Funds Management	24.90	24.90	USA
Victory Park Capital GP Holdco, L.P.	Funds Management	24.90	24.90	USA

	Principal activity	Ownership interest 31 December 2022 %	30 June 2022 %	Place of incorporation and operation
Joint venture				
Copper Funding, LLC	Investment Entity	50.00	50.00	USA
Nereus Capital Investments (Singapore) Pte. Ltd[1]	Investment Entity	74.19	8.72	Singapore
Associate of the joint venture				
Pennybacker Capital Management, LLC	Funds Management	16.50	16.50	USA

Notes:
[1] During the period, as a result of the settlement agreement, the Group's effective interest in NCI increased from 8.72% to 74.19%. The Group reassessed its investment in NCI and determined that the investment is a joint venture since the Group jointly controls NCI.

(ii) Acquisitions of associates

In the prior period, the Group acquired a 35% equity interest in Banner Oak for $47,843,000 (USD35,000,000). The acquisition included goodwill and other identifiable intangible assets of $47,474,000 (USD34,730,000).

(iii) Disposal of associates

On 31 December 2022, with the effect from 1 July 2022, Blackcrane Capital, LLC (“Blackcrane”) purchased and redeemed the 25% equity ownership of the Group in Blackcrane with a potential value of up to USD250,000 ($373,000) to be paid as an earn-out. Blackcrane shall pay the Group in one or more instalments in an amount equal to, for each financial year, 50% of all Blackcrane’s revenues in excess of USD1,500,000 ($2,239,000) until such time as the full amount of purchase price has been paid in full to the Group. At 31 December 2022, the fair value of the potential earn-out is USDnil.

(iv) Restructuring of associates

In the prior period, the Group restructured its investment in IFP with an additional contribution of $5,468,000 (USD4,000,000) in exchange for an additional 20% of the economics or share in profit/losses of IFP and a preference in distribution. The restructure did not change the accounting treatment of the Group’s investment in IFP.

Summarised financial information for material associates and joint venture

	31 December 2022				31 December 2021			
	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Banner Oak[1] $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Comprehensive income								
Revenue for the period	12,555	22,884	19,377	8,810	–	18,484	41,424	224
Profit after tax for the period	7,211	4,037	(1,851)	8,525	–	7,859	31,994	224
Other comprehensive income for the period	–	–	–	–	–	–	–	–
Total comprehensive income for the period	7,211	4,037	(1,851)	8,525	–	7,859	31,994	224
Dividends/distributions received during the period	4,292	542	281	2,189	–	677	–	124

	31 December 2022				30 June 2022			
	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Financial position								
Current assets	4,279	15,323	76,404	–	4,421	14,765	73,626	–
Non-current assets	840	1,691	29,152	–[2]	1,033	1,689	31,235	–[2]
Current liabilities	(315)	(9,794)	(90,241)	(1,739)	(1,031)	(9,013)	(85,324)	(1,440)
Non-current liabilities	(311)	(938)	(8,847)	–	(466)	(1,196)	(9,264)	–
Net assets/(liabilities)	4,493	6,282	6,468	(1,739)	3,957	6,245	10,273	(1,440)

Notes:
[1] Banner Oak was acquired on 31 December 2021 resulting to nil amounts in the comprehensive income.
[2] The non-current assets balance of VPC-Holdco included the carried interest amounting to $60,831,000, of which the Group has $15,147,000 share (30 June 2022: $70,513,000, of which the Group has $17,558,000 share), was not recognised in accordance with AASB 15: *Revenue*.

	31 December 2022				30 June 2022			
	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Reconciliation of the summarised financial position to the carrying amount recognised by the Group:								
- Net assets/(liabilities) before determination of fair values	4,493	6,282	6,468	(1,739)	3,957	6,245	10,273	(1,440)
- Ownership interest in %	35.00%	16.50%[1]	24.90%	24.90%	35.00%	16.50%[1]	24.90%	24.90%
- Proportion of the Group's ownership interest	1,573	1,037	1,611	(433)	1,385	1,030	2,258	(359)
- (Increase)/decrease in net assets/liabilities	(1,177)	(977)	(5,027)	(66)	(994)	(971)	(5,930)	(70)
- Acquired goodwill and intangibles	48,627	30,101	55,964	21,704	49,144	30,323	56,132	21,418
- Impairment	–	–	–	–	–	–	–	–
- Undistributed profits	2,185	812	7,230	–	1,773	685	7,855	–
Closing balance	51,208	30,973	59,778	21,205	51,308	31,067	60,615	20,989

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

Key estimates, judgments, and assumptions

Impairment of investments in associates and joint venture

At the end of each half-year reporting period, management is required to assess the carrying values of each of the underlying investments in associates and joint venture of the Group. Should an investment underperform or not meet expected growth targets from prior expectations, a resulting impairment of the investments is recognised if that deterioration in performance is deemed not to be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. A significant or prolonged decline in the fair value of an associate or joint venture below its cost is also evidence of impairment. At 31 December 2022, the investments in associates and joint venture were assessed for impairment triggers and determined that no impairment is to be recognised (31 December 2021: The investment in Blackcrane was impaired by $1,336,000 and the investment in CAMG was impaired by $1,064,000).

F. OTHER INFORMATION

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

20. Share-based payments

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

The Group Long-Term Incentive Plan

(i) Options and performance rights recognised in the profit or loss

The amount of option amortisation expense for the period was $607,000 (31 December 2021: $nil) and the performance rights amortisation expense for the period was $422,000 (31 December 2021: $229,000).

(ii) Shares issued to settle the vested performance rights

The shares issued by the Company to settle the vested performance rights vested during the period amounted to $85,000 (31 December 2021: nil).

21. Significant events subsequent to reporting date

On 24 February 2023, the Directors of the Company declared an interim fully franked dividend of 15 cents per share. The interim dividend for 2023 financial year will be eligible to the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2022 condensed interim financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 31 December 2022 that has significantly affected or may significantly affect in the financial years subsequent to 31 December 2022 either the operations or the state of affairs, of the Group.

22. Adoption of new and revised Standards

a. New and amended AASB standards that are effective from 1 July 2022

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

b. Standards and interpretations in issue not yet adopted

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

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

The Directors declare that:

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

(b) in the Directors' opinion, the attached condensed interim financial statements are in compliance with International Financial Reporting Standards, as stated in Section A in the notes to the financial statements;

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

(d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the period ended 31 December 2022.

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

On behalf of the Directors

Antony Robinson
Chairman

24 February 2023

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

Conclusion

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

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

i. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

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

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

Building a better working world

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

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

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

Ernst & Young

Ernst & Young

Rita Da Silva
Partner

Sydney
24 February 2023

Jaddus M R Manga Neto

Jaddus Manga
Partner

Sydney
24 February 2023

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

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

Company Secretary
Ms. Clare Craven

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