

Appendix 4D

Half Year Report

for the half year ended 30 June 2024



Results for announcement to the market

All comparisons for the half year ended 30 June 2023
(unless specified for 31 December 2023)

Future Generation
Australia Limited
ABN 97 063 935 553

| | UP/DOWN | % MVMТ | \$'000 |
|---|---------|--------|--------|
| Revenue from operating activities | up | 17.1% | 32,838 |
| Profit from ordinary activities before tax | up | 18.2% | 29,595 |
| Net profit from ordinary activities after tax | up | 12.0% | 23,333 |

| Dividend information | Cents per share | Franking % | Tax rate for franking |
|---------------------------------------|-----------------|------------|-----------------------|
| 2024 interim dividend cents per share | 3.5 | 100% | 30% |
| 2023 final dividend cents per share | 3.35 | 100% | 30% |

Dividend dates

| | |
|----------------------------|-----------------|
| Ex-dividend date | 16 October 2024 |
| Record date | 17 October 2024 |
| Last election date for DRP | 21 October 2024 |
| Payment date | 29 October 2024 |

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the fully franked interim dividend of 3.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the volume weighted average market price (VWAP) of shares sold on the ASX (on an ex-dividend basis) four trading days from the ex-dividend date, inclusive of the ex-dividend date. The DRP will operate without a discount for the 2024 interim dividend.

| Net Tangible Assets (NTA)* | 30 JUN 2024 | 31 DEC 2023 |
|----------------------------|-------------|-------------|
| NTA (before tax) per share | \$1.35 | \$1.33 |
| NTA (after tax) per share | \$1.31 | \$1.29 |

*After the FY2023 fully franked final dividend of 3.35 cents per share paid to shareholders during the six-month period to 30 June 2024.

Future Generation Australia Limited

Financial Report

For the half year
ended 30 June 2024

ABN: 97 063 935 553

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**Future
Generation
Australia**

INVESTMENT & SOCIAL RETURNS

Future Generation Australia Limited

The Company's primary investment objectives are to provide shareholders with a stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital.

Chair

Dr Philip Lowe

Directors

Mike Baird AO
Stephanie Lai
David Leeton
David Paradise AO
Gabriel Radzyninski
Kate Thorley
Geoff Wilson AO

Joint Company Secretaries

Jesse Hamilton
Mark Licciardo

Investment Committee

Geoff Wilson AO (Chair)
John Coombe
Matthew Kidman
Gabriel Radzyninski
David Smythe
Bruce Tomlinson
Martyn McCathie

Chief Executive Officer

Caroline Gurney

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower,
1 Farrer Place, Sydney NSW 2000

Contact Details

Postal Address: GPO Box 4658
Sydney NSW 2001

T: (02) 9247 9202

E: info@futuregeninvest.com.au

W: futuregeninvest.com.au

Share Registry

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000

T: 1300 737 760 (in Australia)
+61 2 9290 9600 (International)

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan and Dividend Donation Plan) and related matters, please contact the share registry.

Australian Securities Exchange

Future Generation Australia
Ordinary Shares (FGX)





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Directors' Report to Shareholders

For the half year ended 30 June 2024

The Directors present their report together with the financial report of Future Generation Australia Limited (Future Generation Australia or the Company) for the half year ended 30 June 2024.

Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

- Dr Philip Lowe, Chair and Non-Executive Director (appointed 12 March 2024)
- Mike Baird AO, Non-Executive Director
- Stephanie Lai, Non-Executive Director
- David Leeton, Non-Executive Director
- David Paradise AO, Non-Executive Director
- Gabriel Radzyminski, Non-Executive Director
- Kate Thorley, Non-Executive Director
- Geoff Wilson AO, Non-Executive Director

Principal activity

The principal activity of the Company is to invest in funds managed by a number of leading Australian equity fund managers with a focus on long equities, absolute bias and market neutral investment strategies while also contributing to Australian children and youth at risk social impact partners and other not-for-profit organisations.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of these fund managers, as well as the pro bono support of various service providers, allows the Company to invest 1.0% of its average monthly net assets each year in our social impact partners with a focus on Australian youth at risk and other not-for-profit organisations.

There was no change in the nature of the activity of the Company during the period or is likely in the future.

Operating and financial review

For the six-month period ended 30 June 2024, the investment portfolio performance contributed to a 18.2% increase in the operating profit before tax of \$29.6 million (HY2023: \$25.0 million) and an operating profit after tax of \$23.3 million (HY2023: \$20.8 million). During the six-month period, the investment portfolio outperformed again, increasing 6.0%^{*}. This outperformance has been achieved by the Company's leading Australian fund managers, while taking less risk[^] than the market.

The Future Generation Australia Investment Committee (IC) has selected leading Australian fund managers that have a proven ability to outperform the market and their peers over the long term. This has resulted in a diversified investment portfolio that gives shareholders exposure to 18 of Australia's leading fund managers with a larger weighting towards small, mid and micro-cap companies and an underweight exposure to large-cap companies. The IC and our leading pro bono fund managers continue to believe that active management in the small, mid and micro-cap sectors will drive long-term outperformance for shareholders. During the six months to 30 June 2024, the Company redeemed its holdings in the Firetrail Absolute Return Fund and increased its investment into the Firetrail High Conviction Fund and Lanyon Investment Fund.

The Future Generation Australia investment portfolio has been structured to provide diversification between three broad equity strategies: long equities, absolute bias and market neutral, with the remainder held in cash. As at 30 June 2024, the portfolio was 52.9% absolute bias, 42.5% long equities, 4.0% market neutral and 0.6% cash.

^{*}Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

[^]Risk is measured by volatility. Volatility shows the degree to which the returns of the portfolio move around their long-run average. It can be thought of as a measure of risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

Directors' Report to Shareholders

For the half year ended 30 June 2024

The operating profit for the period includes the distribution income received from underlying fund managers, in addition to the unrealised gains and losses arising as a result of the changes in the market value of the investments held with the underlying fund managers. The level of distribution income received and the movement in the market value of the investments can add to or reduce operating profit in each period respectively. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand within the context of the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return (TSR).

Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. The S&P/ASX All Ordinaries Accumulation Index is also measured before expenses, fees and taxes.

In the six months to 30 June 2024, the investment portfolio increased 6.0%*, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 4.2% and the S&P/ASX Small Ordinaries Accumulation Index which increased 2.8%. Since inception, the investment portfolio has increased 9.1%* per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 1.1% per annum and the S&P/ASX Small Ordinaries Accumulation Index by 3.2% per annum. The investment portfolio's outperformance has been achieved with less risk^, 11.7% versus the S&P/ASX All Ordinaries Accumulation Index's 14.2% and the S&P/ASX Small Ordinaries Accumulation Index's 17.3%.

Net tangible asset growth

NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, social investment and other company related expenses). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

Future Generation Australia's pre-tax NTA increased 5.4% in the 6 months to 30 June 2024, including the 3.35 cents per share FY2023 fully franked final dividend paid to shareholders during the period and corporate tax paid of 1.9 cents per share or 1.4%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Items contributing to the difference between the investment portfolio performance of 6.0%* and the NTA performance of 5.4% were the social investment accrual of 0.5% (1.0% per annum) and company related expenses of 0.1%.

The NTA before tax as at 30 June 2024 was \$1.35 per share (December 2023: \$1.33). The NTA after tax was \$1.31 per share (December 2023: \$1.29). These figures are after the 3.35 cents per share FY2023 fully franked final dividend paid to shareholders during the period.

Total shareholder return

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before and after the value of any franking credits distributed to shareholders through fully franked dividends.

For the six-month period, the total shareholder return was 9.8% or 11.1% when including the value of franking credits. This was driven by the share price increase, together with the payment of the fully franked final dividend of 3.35 cents per share and the narrowing of the share price discount to NTA. At the end of the period, the share price discount to NTA had narrowed to 12.8%, from 17.1% at 31 December 2023.

*Investment portfolio performance is before expenses, fees and taxes to compare to the relevant indexes which are also before expenses, fees and taxes.

^Risk is measured by volatility. Volatility shows the degree to which the returns of the portfolio move around their long-run average. It can be thought of as a measure of risk in the investment portfolio. Volatility is measured by standard deviation, a statistical measurement.

Directors' Report to Shareholders

For the half year ended 30 June 2024

Dividends

The Board declared an increased fully franked interim dividend of 3.5 cents per share to be paid on 29 October 2024. The FY2024 fully franked interim dividend provides an annualised fully franked dividend yield of 5.9% and a grossed-up dividend yield of 8.4%[#], on the 28 June 2024 share price of \$1.18 per share.

The Board's decision to increase the fully franked interim dividend was informed by the annualised grossed-up dividend yield of 7.4%[#] on pre-tax NTA and the objective to provide shareholders both capital growth (i.e. movement in the Company's share price) and income (i.e. through franked dividends paid to shareholders on a semi-annual basis) returns. To maintain the annualised grossed-up dividend yield of 7.4%[#], the investment portfolio would need to increase more than 8.4% per annum to ensure that the NTA of the Company does not decline and shareholders receive a combination of capital and income returns.

Since inception, the Company has paid 66.4 cents per share in fully franked dividends to shareholders, including the value of franking credits. At 31 July 2024, the Company had 5.0 years of dividend coverage, based on 35.1 cents per share in the profits reserve, before the payment of the fully franked interim dividend of 3.5 cents per share.

Fund managers and service providers

Through their investment in Future Generation Australia, shareholders have unprecedented access to leading Australian fund managers and make a significant contribution towards a brighter future for children and youth at risk in Australia. This is made possible by the fund managers forgoing management and performance fees. Most service providers, Directors, the Audit and Risk Committee and the Investment Committee also work on a pro bono basis.

We would like to thank the fund managers and service providers for their outstanding and continued generosity throughout the period. This generosity has allowed the Company to support its designated social impact partners and other Australian not-for-profit organisations. The value of the fund managers' forgone management and performance fees for the half year period ended 30 June 2024 totalled \$3.4 million (HY2023: \$3.9 million) and the estimated value of the service providers working for the Company on a pro bono basis totalled \$0.9 million (HY2023: \$0.8 million). Currently we estimate the value of this pro bono support to be approximately \$8.6 million per annum, and at 1.6% of the net assets of the Company, these savings to shareholders far exceed the annual 1.0% investment to our social impact partners.

Social impact update

Since Future Generation Australia was established in 2014, we have provided \$37.9 million in stable, annual funding to not-for-profits that deliver critical support to Australian children and youth at risk. This type of long-term funding is in line with philanthropic best practice, and we are extremely proud of the progress we have made alongside our social impact partners to support young Australians in need.

The Company will deliver its 10th annual social investment by the end of the year. The investment of \$5.4 million will be made to our social impact partners and other not-for-profit organisations, bringing the total investment since inception to \$43.3 million.

After balance sheet date events

Since the end of the period, the Company has declared a fully franked interim dividend of 3.5 cents per share to be paid on 29 October 2024.

No other matters or circumstances have occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

[#]Grossed-up dividend yield includes the value of franking credits and is based on a tax rate of 30.0%.

Directors' Report to Shareholders

For the half year ended 30 June 2024

Rounding of amounts

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand dollar, or in certain cases, the nearest dollar, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



Dr Philip Lowe

Chair

Dated this 30th day of August 2024

Auditor's Independence Declaration**To the Directors of Future Generation Australia Limited****ABN 97 063 935 553**

In relation to the independent auditor's review of Future Generation Australia Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief there have been:

- i. No contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- ii. No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



Richard King
Partner

Pitcher Partners
Sydney

30 August 2024

Statement of Comprehensive Income

For the half year ended 30 June 2024

| | NOTE | JUNE 2024 \$'000 | JUNE 2023 \$'000 |
|---|------|---------------------|---------------------|
| Investment income | | | |
| Net realised and unrealised (losses)/gains on financial investments | | (8,910) | 4,469 |
| Distributions received | | 38,809 | 19,970 |
| Investment management and performance fee rebates | 2 | 2,524 | 3,325 |
| Interest income | | 415 | 275 |
| | | 32,838 | 28,039 |
| Expenses provided on a pro bono basis | | | |
| Share registry maintenance costs | | - | - |
| Directors fees | | - | - |
| Investment Committee fees | | - | - |
| Accounting fees | | - | - |
| ASX listing fees | | - | - |
| Expenses | | | |
| Social investment accrual | 3 | (2,780) | (2,610) |
| Service agreement costs | | (175) | (121) |
| Other expenses | | (218) | (173) |
| Audit fees | | (39) | (37) |
| ASX CHESS fees | | (10) | (33) |
| Share registry transaction costs | | (12) | (19) |
| ASIC industry funding levy | | (6) | (6) |
| Tax fees | | (3) | (3) |
| | | (3,243) | (3,002) |
| Profit before income tax | | 29,595 | 25,037 |
| Income tax expense | | (6,262) | (4,204) |
| Profit after income tax for the period attributable to members | | 23,333 | 20,833 |
| Other comprehensive income | | | |
| <i>Items that will not be classified to profit or loss</i> | | | |
| Other comprehensive income for the period, net of tax | | - | - |
| Other comprehensive income for the period, net of tax | | - | - |
| Total comprehensive income for the period | | 23,333 | 20,833 |
| Basic and diluted earnings per share | | 5.73 cents | 5.13 cents |

The accompanying notes form part of these half year financial statements.

Statement of Financial Position

As at 30 June 2024

| | NOTE | JUNE 2024 \$'000 | DECEMBER 2023 \$'000 |
|---|------|---------------------|-------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 3,520 | 181 |
| Trade and other receivables | | 37,726 | 23,897 |
| Financial assets at fair value through profit or loss | 7 | 517,346 | 522,211 |
| Other current assets | | - | 19 |
| Total current assets | | 558,592 | 546,308 |
| Non-current assets | | | |
| Deferred tax assets | | 1,660 | 842 |
| Total non-current assets | | 1,660 | 842 |
| Total assets | | 560,252 | 547,150 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 245 | 396 |
| Social investment accrual | 3 | 5,395 | 2,645 |
| Current tax liabilities | | 9,843 | 6,826 |
| Total current liabilities | | 15,483 | 9,867 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 8,689 | 12,101 |
| Total non-current liabilities | | 8,689 | 12,101 |
| Total liabilities | | 24,172 | 21,968 |
| Net assets | | 536,080 | 525,182 |
| Equity | | | |
| Issued capital | 5(a) | 450,857 | 449,654 |
| Profits reserve | 6 | 132,892 | 123,195 |
| Accumulated losses | 6 | (47,669) | (47,667) |
| Total equity | | 536,080 | 525,182 |

The accompanying notes form part of these half year financial statements.

Statement of Changes in Equity

For the half year ended 30 June 2024

| | NOTE | ISSUED CAPITAL \$'000 | PROFITS RESERVE \$'000 | ACCUMULATED LOSSES \$'000 | TOTAL EQUITY \$'000 |
|---|------|-----------------------------|------------------------------|---------------------------------|---------------------------|
| Balance at 1 January 2023 | | 447,337 | 104,128 | (47,667) | 503,798 |
| Net profit for the period | | - | - | 20,833 | 20,833 |
| Transfer to profits reserve | | - | 20,833 | (20,833) | - |
| Other comprehensive income, net of tax | | - | - | - | - |
| Transactions with owners: | | | | | |
| Shares issued via Dividend Reinvestment Plan | 5(b) | 1,136 | - | - | 1,136 |
| Shares issued via Options | | 6 | - | - | 6 |
| Dividends paid | 4(a) | - | (13,164) | - | (13,164) |
| Balance at 30 June 2023 | | 448,479 | 111,797 | (47,667) | 512,609 |
| Balance at 1 January 2024 | | 449,654 | 123,195 | (47,667) | 525,182 |
| Net profit for the period | | - | - | 23,333 | 23,333 |
| Transfer to profits reserve | 6 | - | 23,335 | (23,335) | - |
| Other comprehensive income, net of tax | | - | - | - | - |
| Transactions with owners: | | | | | |
| Shares issued via Dividend Reinvestment Plan | 5(b) | 1,203 | - | - | 1,203 |
| Dividends paid | 4(a) | - | (13,638) | - | (13,638) |
| Balance at 30 June 2024 | | 450,857 | 132,892 | (47,669) | 536,080 |

The accompanying notes form part of these half year financial statements.

Statement of Cash Flows

For the half year ended 30 June 2024

| | JUNE 2024 \$'000 | JUNE 2023 \$'000 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Proceeds from sale of financial assets | 45,318 | 17,500 |
| Payments for purchase of investments | (22,212) | - |
| Dividend income received | - | 63 |
| Interest income received | 415 | 275 |
| Rebate income received | 356 | 250 |
| Income tax paid | (7,475) | (2,600) |
| Social investment fee | (30) | - |
| Net GST received from ATO | 3 | 4 |
| Payments for other expenses | (601) | (507) |
| Net cash provided by operating activities | 15,774 | 14,985 |
| Cash flows from financing activities | | |
| Dividends paid to the Company's shareholders, (net of Dividend Reinvestment Plan) | (12,435) | (12,028) |
| Shares issued via exercise of options | - | 6 |
| Net cash used in financing activities | (12,435) | (12,022) |
| Net increase in cash and cash equivalents | 3,339 | 2,963 |
| Cash and cash equivalents at the beginning of the period | 181 | 12,692 |
| Cash and cash equivalents at the end of the period | 3,520 | 15,655 |
| Non-cash investing and financing activities | | |
| Distributions and rebate income reinvested | 40,977 | 22,981 |
| Shares issued via Dividend Reinvestment Plan | 1,203 | 1,136 |

The accompanying notes form part of these half year financial statements.

Notes to the Financial Statements

For the half year ended 30 June 2024

1. Material accounting policies

These interim financial statements and notes for the half year represent those of Future Generation Australia Limited (Future Generation Australia or the Company).

The half year financial report was authorised for issue on 30 August 2024 by the Board of Directors.

Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2024 are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The interim financial statements of the Company also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except for cash flows information, the interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in Financial/Directors' reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest thousand dollar, or in certain cases, the nearest dollar, unless otherwise stated.

The accounting policies applied for the period are consistent with those in the most recent annual financial statements.

2. Investment income from ordinary activities

As at 30 June 2024, the investment portfolio was made up of 18 leading Australian equity fund managers with investments in 21 unlisted unit trusts.

Where available, the Company has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Bennelong Long Short Equity Fund, Vinva Australian Equities Fund, QVG Opportunities Fund, Firetrail Australian High Conviction Fund, the Centennial Level 18 Fund and the Wilson Asset Management Leaders Fund.

The aggregated value of management and performance fees forgone by the unit trusts with a zero fee unit class for the six months ended 30 June 2024 was \$0.9 million (HY2023: \$0.5 million).

The remaining investments are made in unlisted unit trusts with fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate value of management and performance fees rebated to the Company was \$2.5 million for the six months ended 30 June 2024 (HY2023: \$3.3 million).

The estimated value of the other pro bono services provided to the Company for the six months ended 30 June 2024, including the Board and Investment Committee working on a pro bono basis, totalled \$0.9 million (HY2023: \$0.8 million).

Notes to the Financial Statements

For the half year ended 30 June 2024

3. Social investment

In line with its stated objectives, the Company invests a percentage of its net assets to support its social impact partners who focus on children and youth at risk, as well as other not-for-profit organisations. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net assets. All investments are made to organisations with deductible gift recipient (DGR) status. The investment represents a tax deduction for the Company.

For the six months ended 30 June 2024, the amount recognised in the Statement of Comprehensive Income was \$2.8 million (HY2023: \$2.6 million).

As at 30 June 2024, the 12-month accrued commitment is \$5.4 million (HY2023: \$5.2 million). The Company will pay its tenth annual investment by the end of the year. The social investment of \$5.4 million will be made to our partners and other not-for-profit organisations, bringing the total investment since inception to \$43.3 million. The specific allocation to each organisation will be determined by shareholder votes and directions, with the Board distributing undirected monies between our social impact partners.

As at 30 June 2024, the social investment accrual of \$5.4 million includes \$0.2 million to be utilised in building a digital platform to operationalise the impact measurement framework, with any balance remaining to be allocated to our social impact partners.

4. Dividends

a) Ordinary dividends paid during the period

| | JUNE 2024 \$'000 | JUNE 2023 \$'000 |
|--|---------------------------------|---------------------------------|
| 2023 Final dividend: 3.35 cents per share fully franked at 30% paid 22 May 2024 (2022 Final dividend: 3.25 cents per share fully franked at 30% paid 24 April 2023) | 13,638 | 13,164 |

b) Dividends not recognised during the period

| | JUNE 2024 \$'000 | JUNE 2023 \$'000 |
|---|---------------------------------|---------------------------------|
| Since the end of the half year, the Directors have declared a fully franked interim dividend of 3.5 cents per share payable on 29 October 2024 (2023 Interim dividend: 3.35 cents per share fully franked) | 14,285 | 13,603 |

5. Issued capital

a) Paid-up capital

| | JUNE 2024 \$'000 | DECEMBER 2023 \$'000 |
|---|---------------------------------|-------------------------------------|
| 408,156,604 ordinary shares fully paid (December 2023: 407,114,405) | 450,857 | 449,654 |

Notes to the Financial Statements

For the half year ended 30 June 2024

5. Issued capital (continued)

b) Movements in ordinary share capital

| | JUNE 2024 \$'000 | DECEMBER 2023 \$'000 |
|--|---------------------------------|-------------------------------------|
| Balance at the beginning of the period | 449,654 | 447,337 |
| 407,114,405 ordinary shares fully paid (December 2022: 405,053,153) | | |
| 1,042,199 shares issued on 22 May 2024 under a Dividend Reinvestment Plan | 1,203 | - |
| 4,055 ordinary shares issued from the exercise of options at \$1.48 per option | - | 6 |
| 1,007,041 shares issued on 24 April 2023 under a Dividend Reinvestment Plan | - | 1,136 |
| 1,050,156 shares issued on 27 October 2023 under a Dividend Reinvestment Plan | - | 1,175 |
| At reporting date | 450,857 | 449,654 |

6. Reserves and accumulated losses

| | JUNE 2024 \$'000 | DECEMBER 2023 \$'000 |
|--------------------|---------------------------------|-------------------------------------|
| Profits reserve | 132,892 | 123,195 |
| Accumulated losses | (47,669) | (47,667) |

The profits reserve is made up of amounts transferred from current period profits which are preserved for future dividend payments.

MOVEMENTS:

| | JUNE 2024 \$'000 | DECEMBER 2023 \$'000 |
|---------------------------------------|---------------------------------|-------------------------------------|
| Profits reserve | | |
| Opening balance | 123,195 | 104,128 |
| Transfer of profits during the period | 23,335 | 45,834 |
| Final dividend paid (refer Note 4(a)) | (13,638) | (13,164) |
| Interim dividend paid | - | (13,603) |
| At reporting date | 132,892 | 123,195 |

Notes to the Financial Statements

For the half year ended 30 June 2024

6. Reserves and accumulated losses (continued)

| | JUNE 2024 \$'000 | DECEMBER 2023 \$'000 |
|-----------------------------|------------------------|----------------------------|
| Accumulated losses | | |
| Opening balance | (47,667) | (47,667) |
| Net profit for the period | 23,333 | 45,834 |
| Transfer to profits reserve | (23,335) | (45,834) |
| At reporting date | (47,669) | (47,667) |

7. Fair value measurements

The Company measures and recognises financial assets at fair value through profit and loss on a recurring basis. The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

I) RECOGNISED FAIR VALUE MEASUREMENTS

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2024 on a recurring basis:

| | LEVEL 1 \$'000 | LEVEL 2 \$'000 | LEVEL 3 \$'000 | TOTAL \$'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| At 30 June 2024 | | | | |
| Financial assets at FVTPL | - | 517,346 | - | 517,346 |
| At 31 December 2023 | | | | |
| Financial assets at FVTPL | - | 522,211 | - | 522,211 |

There were no transfers between levels for recurring fair value measurements during the period (December 2023: nil). The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

II) DISCLOSED FAIR VALUES

For all financial instruments other than those measured at fair value, their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements

For the half year ended 30 June 2024

7. Fair value measurements (continued)

III) VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUES

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Board of Directors value the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net asset backing of the unlisted unit trusts at the end of the period. The unlisted unit trusts are subject to an annual audit.

8. Segment information

The Company is engaged in investing activities including cash, term deposits and investments in unlisted unit trusts managed by prominent Australian equity fund managers. It has no reportable business or geographical segment.

9. Contingencies

There were no contingent liabilities for the Company at 30 June 2024 (December 2023: nil).

10. Commitments

The Company invests a percentage of its net assets each year to support its social impact partners who focus on children and youth at risk, as well as other not-for-profit organisations. The investment is accrued monthly and is equal to 1.0% per annum of the Company's average monthly net assets. As at 30 June 2024, the 12-month accrued commitment is \$5.4 million (December 2023: \$2.6 million).

The Company will pay its tenth annual investment by the end of the year. The social investment of \$5.4 million will be made to our partners and other not-for-profit organisations, bringing the total investment since inception to \$43.3 million. The specific allocation to each organisation will be determined by shareholder votes and directions, with the Board distributing undirected monies between our social impact partners.

11. Events occurring after the reporting period

Since the end of the period, the Company declared a fully franked interim dividend of 3.5 cents per share to be paid on 29 October 2024.

No other matters or circumstances have arisen since the end of the period which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of Future Generation Australia Limited declare that:

1. The half year financial report, as set out in pages 6 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2024 and of its performance for the half year ended on that date.
2. 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.

Signed in accordance with a resolution of the Board of Directors.



Dr Philip Lowe

Chair

Dated this 30th day of August 2024

Independent auditor's review report
To the Members of Future Generation Australia Limited
ABN 97 063 935 553

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Future Generation Australia Limited ("the Company"), which comprises the statement of financial position as at 30 June 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the half-year then ended; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and 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.

Auditor's responsibility 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 Company's financial position as at 30 June 2024 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.



Richard King
Partner



Pitcher Partners
Sydney

30 August 2024

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