

# INTERIM REPORT



1 JULY – 31 DECEMBER  
2023

Income Asset  
Management  
Group



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# Appendix 4D

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the current reporting period, the half-year ended 31 December 2023

Previous corresponding period is the half-year ended 31 December 2022

	Change %	31 December 2023 \$000	31 December 2022 \$000
Revenue and operational income	Down 11%	6,076	6,822
Loss from ordinary activities after tax attributable to members*	Up 122%	(6,247)	(2,818)
Net loss for the period attributable to members*	Up 122%	(6,247)	(2,818)
		<b>Cents</b>	<b>Cents</b>
<b>Net tangible asset backing per security*</b>		0.52	2.56

\*Balance for the periods ended 31 December 2022 and 30 June 2023 has been restated - refer Note 17.

Dividend information	Amounts per share (cents)	Franked amount per share (cents)	Tax rate for franking
Final dividend	Nil	Nil	Nil
Interim dividend	Nil	Nil	Nil
<b>Record date</b>			

The Group does not have any dividend re-investment plan in operation and no dividends have been declared or provided for during the half-year.

### Loss or gain of control over other entities

On 10 August 2023, the Group registered 100% owned subsidiary ETB Pty Ltd, an entity established to facilitate the Exchange Traded Bonds (ETB) business. There has been no operating activity in this entity.

### Details of investments in associates and joint ventures

Name of company	Effective ownership interest	
	31 December 2023 %	31 December 2022 %
Fortlake Asset Management Pty Ltd (sold May 2023)	-	25
Tactical Global Management Limited (refer Note 6(a)(i))	-	25

The aggregate share of net loss of associate entities for the current period is \$116,793 (December 2022: \$101,723 profit).

### Audit Status

This report has been subject to auditor review. There is no dispute or qualification to report. Refer to the Directors' Report and Interim Financial Report for additional information.

This report is signed in accordance with a resolution of the Board of Directors.

# Directors' Report

In this report from our directors, we submit the financial report of the Consolidated Group for the half-year ended 31 December 2023.

## Information on Directors

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

Name	Position
John Nantes	Executive Chairman
Brook Adcock	Non-Executive Director
Fiona Dunn	Non-Executive Director (Resigned 5 December 2023)
Craig Swanger	Executive Director

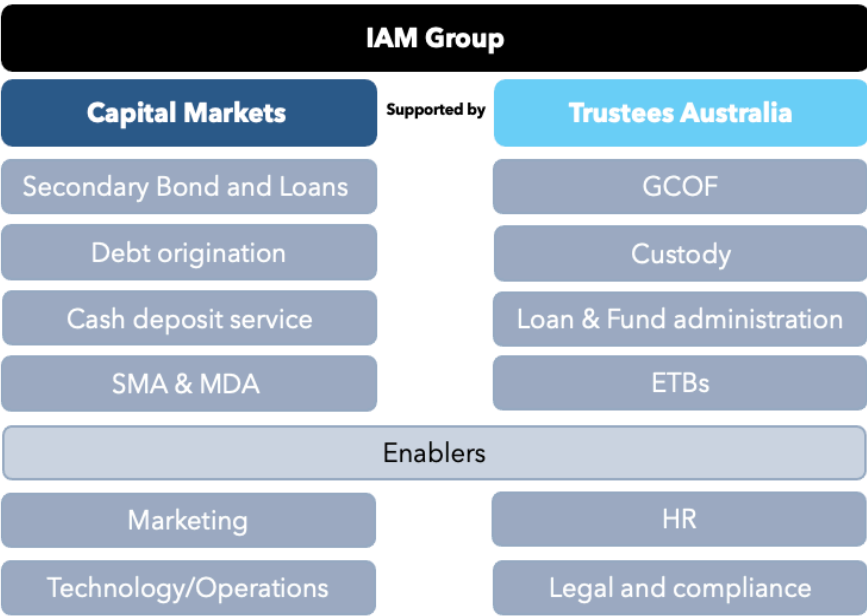
# Group Strategy

The Group business strategy is to deliver market leading solutions for clients seeking income focused investments. We lead this niche part of the investment industry, by providing a wide range of income investments, in the most convenient and transparent way. The immediate focus for IAM is:

- To continue to grow client numbers, which in turn grows our FUA - allowing consistent income from secondary trading to cover costs. FUA has been growing, proving up the scalability of our business model, and picking up momentum of late. We will continue to aim for growth in FUA of \$1b per year as our partnerships, new business writers and new product launches increase.
- Debt Capital Markets (DCM): we will identify, develop, and arrange high yield corporate bonds or securities for corporate borrowers seeking debt of \$25M to \$100M+, alongside growing IAM’s participation in investment rated debt offerings available in the Australian market.
- At the same time, we will continue to build recurring income through bond/fixed income managed portfolios, Separately Managed Accounts (SMAs) and Exchange Traded Bonds (ETBs).
- We plan to build the FUM in Global Credit Opportunities Fund (GCOF) by offering the product to our existing partnerships and clients and sourcing external distribution services. We will charge fees for administration and custodial services, and whilst this isn’t a core function of the Group, it is a necessary service that we can generate new revenue streams from.

## IAM’s Business Model and Divisions

IAM Group’s business divisions are complementary, with each division creating value for the others.



Over the reporting period, we have developed and refined our business strategy. We have merged our cash business into Capital Markets and housed our fund, Global Credit Opportunities Fund (GCOF), under the management of Trustees Australia Limited (TAL). These two divisions now lead all activities and provide a simple and streamlined management structure. IAM can leverage our significant capabilities, continue to optimise and scale our business with the existing resources and succinctly manage risks.

We now have multiple revenue lines at different stages of maturity and overall we can see the business scaling quickly and producing consistently growing income.

## **IAM Capital Markets**

### **Secondary bond and loan trading.**

The continued growth in clients and FUA is very encouraging. We have 250 new clients signed up in Q2 alone and the client acquisition initiative with Netwealth is only just beginning. January levels of trading income and activity were by far our best January since we remodelled the whole business, with many days busy by any standard. At this rate we anticipate that FUA in bonds and loans will soon reach critical mass whereby daily activity will more than cover the Group's cost base.

### **Structuring and distribution fees from debt origination transactions.**

Incoming enquiries for debt origination remain brisk. The non-bank sector has been impossible to fund for much of the past 12-18 months, but this sector seems to be at a turning point. Property transactions remain popular, and we intend to bring "taps" or topping-up current bond issues in the investment-grade (IG) bond space. Once ETBs become mainstream, we also expect to be able to originate new capital DCM deals to that new liquidity source.

### **Transaction and administration fees on cash products such as NCD's, term deposits and at call accounts.**

Growth has been steady; however, we believe we can grow this segment faster by targeting specific business sectors. For example, we are currently pushing an initiative into the aged-care sector and remain competitive in the middle market and corporate cash market. The cash business remains profitable for us as a core part of client portfolios, so we will keep offering this service and optimising the service offering.

### **Recurring annual fees from non-discretionary bond portfolio management.**

This is a key initiative for us. We currently offer model bond portfolios under a fee-based model but soon will launch various SMA alternatives for investors to choose from. We will also provide a service to help retail investors choose a portfolio of ETBs. ETBs are a new way for investors to invest in on market bonds with transparency. They are a very exciting initiative for us as we target the right partners to support their potential.

## **Trustees Australia Limited**

### **Custody, administration and fund service fees from Trustee and Responsible Entity services.**

- Our technology stack has only recently enabled us to roll out custody charges to clients who have contracted to pay for custody. We are targeting this to add circa \$350k per annum in revenue immediately and of course continue to grow.
- TAL will continue to provide Bare Trustee services to the Capital Markets business on a commercial basis.
- We will launch ETBs in FY24. We have a marketing plan working with CBOE and (market maker for ETBs) Nine Mile. The challenge is to get to scale to provide appropriate levels of liquidity. We will move as quickly as regulators allow, to issue sub debt and begin issuing (DCM) deals.

# Operating Results

During the half-year period, FY24 H1, the Group showed growth across most key performance metrics: the important ones being client numbers, funds under administration (FUA) and the number of transactions.

Revenue and operational income for FY24 H1 was \$6.08m, compared to \$6.82m in FY23 H1 (a decrease of \$0.75m or 11%).

At the gross level, revenue was slightly down on FY23 H1, however IAM placed a high yield loan in FY23 H1 which generated a significant windfall of \$2.9m, an outlier in performance. If we exclude that unique one-off deal, revenue and operational income has increased by 55%, which helps provide consistency in income, FUA growth and new client numbers we are targeting.

FY24 H1 has been characterised by weak capital markets activity in most asset classes. While high-grade debt markets have been active issuing new debt, market expectations for central bank activity have varied widely, causing significant volatility and uncertainty. IAM has participated in high grade deal flow, placing \$319m to a wide range of investors. However, DCM transactions have been impacted by the general pausing of the markets and have been reduced in size, delayed, or cancelled where the company requiring debt has altered their course.

Despite the volatility and uncertainty, we were able to get 8 high yield deals in FY24 H1. Placement fees were up 57% year on year, at \$2.07m in FY24 H1 compared to \$1.32m in FY23 H1, a pleasing result given the market conditions.

Secondary trading was down 44% from \$4.80m in FY23 H1 to \$2.68m in FY24 H1. However, if we exclude the transaction referred to above, the YOY numbers have shown an increasing trend. Excluding the \$2.9m windfall revenue we enjoyed in FY23 H1, we increased our regular secondary trading by \$0.78m. This is a pleasing result as we have been able to achieve revenue from broader and more reliable sources in FY24 H1.

**The key initiative in the group, is to build revenue from secondary trading and portfolio management to sustainably profitable levels – so that DCM revenue is the bonus, not the core part of our revenue.**

Bond and Loan FUA is up 41% year on year, increasing from \$1.18bn at the end of FY23 H1 to \$1.67bn at end of FY24 H1. Capital Markets trading volumes in the first half were up 5% year on year (impacted by last year's large transaction), and importantly, client numbers at the end of the period were up 71% year on year. Client numbers are a lead indicator of future turnover, as often clients sign-up and then begin a process of investing over time.

The cash business saw an increase in 31 December FUA of 20%, to \$1.81bn (from \$1.51bn). Revenues were down 3% as margins contracted.

The funds administration business housed within TAL, recorded new revenue streams within Service Fees, being administration fees related to responsible entity services, and management fees from GCOF.

Expenses were up year on year, with higher employment costs (up \$1.19m or 25%) due to salary increases in FY24 H1, increased headcount, up 16%, and cash bonuses paid to key Capital Markets revenue earners in FY24 H1.

We have hired 7 new sales staff, who commence work in Q3. The new hires were part of a strategic plan to increase BDM numbers, to ensure we can adequately cover the Netwealth client base. We hired experienced professionals from a competitor; we think their best people have joined us. They will start soon, so the cash flow impact of funding this initiative for six months is almost behind us, and they will begin adding to turnover and revenue.

**Expense control is an initiative underway in Q3. We have trimmed headcount and reduced some discretionary spending. We have already more than offset the increase in costs described above and expect to find more savings with the more streamlined administration structure we now have.**

Software costs increased \$0.47m (47%) year on year as the new operating platform went live. Going forward there will be some cost saving as contracts for services no longer needed roll off.

Finance costs increased following the successful placement of a new \$10m 12% IAM note in November 2022, replacing the previously issued \$4.5m 6% IAM note that had been issued in December 2020. In addition to cash interest costs, there were non-cash interest costs related to the amortisation of the associated options issued to the new noteholders, and amortisation of issuance costs.

A headline half-year loss of \$6.25m for FY24 H1 compares to \$2.82m for FY23 H1 – a worsening shift that requires explanation.

This increased loss can be broken down into the following sectors.

1. Revenue (down \$0.75m compared to FY23 H1) as described above, FY23 H1 had the benefit of a large transaction that generated \$2.9m. Absent that, we generated \$2.2m more than last year in arguably, worse market conditions. As FUA grows we expect secondary trading to pick up from the \$2.68m posted in H1. As an indication to how Q3 FY24 has started, we have posted revenue of \$811k in January, a very encouraging start to the second half of the year.
2. Employment costs (up \$1.19m compared to FY23 H1): this was a mixture of new staff members, including in revenue writing positions, increased salaries and some bonuses paid. As mentioned, we have already offset these increased costs with some reduction in headcount elsewhere and intend to continue to lower employment costs.
3. Business operating expenses (up \$0.3m compared to prior period FY23 H1) - most of this increase will fall away this year as it represents discretionary spend on marketing and IR services.
4. Software and infrastructure expenses increased (up \$0.47m from \$0.99m to \$1.46m for FY24 H1) due to the new operating system rollout while the legacy system remains in place. This one-off increase in costs relates to the implementation of the new system and will be non-recurring. Going forward the software expenses may be reduced further once the Group is able to decommission the legacy system.
5. Other expenses (increasing \$0.38m compared to FY23 H1) - Mainly expenses incurred to build the ETB offering, increased audit fees and increased donations. Some of these expenses are discretionary and have ceased, and the ETB set up expenses have been incurred in full.

The Group has material carry forward tax losses that will be used in the future as appropriate.



## Financial Position

Net assets of the Group at 31 December 2023 are \$6.11m, compared to \$8.73m at the end of June 2023.

The key assets and liabilities in the statement of financial position are:

- Cash and cash equivalents of \$7.39m (June 2023: \$9.28m), reflecting a decrease of \$1.89m, primarily due to the weak Q1 result, which we have addressed in Q2.
- The Group's Investment in Associate of \$3.68m in June 2023, being a 25% share in TGM, has been converted to a financial asset held at fair value with a valuation of \$3.80m at 31 December 2023. This is a result of TGM having undertaken a strategic merger with Alpha Vista Financial Services (AVFS), with the result that TGM's shareholders received a 10% equity stake in the merged entity, with the Group holding a proportional 2.5% stake in the merged AVFS entity. The value of the investment in the merged entity is shown on the balance sheet at \$3.39m as a Financial Asset at Fair Value through the P&L, along with a deferred contingent share consideration (recognised as a non-current asset) with a value of \$0.41m. Refer to Note 6 for further detail. The Group now holds no Investments in Associates.
- Investments in corporate bonds, which increased by \$0.174m to \$0.175m (June 2023: \$0.001m) as part of our daily bond trading activity.
- Intangible assets of \$4.49m (June 2023: \$5.07m) relating to our proprietary technology platform, declining in value with amortisation.
- Total borrowings of \$7.80m (June 2023: \$7.22m) primarily relating to issued notes. IAM notes to the value of \$10m are outstanding and are offset by the amortised expense related to options issued with the note and issuance costs.

## Review of Operations

The Group is pleased to be seeing strong increases in both new bond clients and FUA. Bond client numbers have increased 71% compared to the comparative period FY23 H1, to over 1,700 clients. Meanwhile total FUA has increased 29% from \$2.69bn at the end of FY23 H1 to \$3.48bn at end of FY24 H1. This growth in the Capital Markets business creates a broader base of clients who, as a group, will trade more frequently and improve our placement capability, which will in turn increase both transaction fees and trading revenues. The partnership with Netwealth will speed up our client acquisition, swiftly closing the gap between our shrinking cost base and our secondary trading revenue. We are also in discussions with other providers who can benefit from the IAM offering to their advisers and clients. We will update the market if and when these convert.

As a result of cost-cutting measures, the funds distribution capability has been wound down and distribution for the internal GCOF fund will be outsourced. Funds administration and custodial services will be housed within TAL. We believe this has the benefit of achieving cost out on expensive labour costs, as well as focusing our resources on core business activities that can return margin quicker and more consistently.

The focus of IAM in the immediate future can be summarised as following:

- Continue to grow our client numbers which in turn will increase our total AuA and revenue across the business.
- Work with our new business writers to achieve scale in their own performance quickly. We expect the new business writers to start generating revenue Q4 FY24.
- Continue to review costs and either increase productivity or save money where appropriate as we grow.
- Launch our new product offerings; ETBs and SMAs to the broader market.
- Continue to make TAL a service provider to the broader business and generate further revenue streams as a result.
- Scale as a result of these initiatives and make the client experience in income investing a great experience every time.

## Risk and Governance

Corporate Governance remains a focus across the Group. The Audit, Risk and Compliance Committee (ARCC) continues to evolve and increase accountability and transparency with the expansion and further embedment of the IAM Group Enterprise Risk Framework, inclusive of all areas of the business.

The ARCC reports into the Board quarterly providing the Board with critical legal, compliance, operations, risk, technology, and resourcing insights to facilitate the development of effective and targeted strategic plans. The Trustees Australia Limited capabilities and function also continues to mature including through focus on the broadening of the Responsible Entity and Trustee services.

A Group Audit Committee was established in early 2022. The Audit Committee has oversight and governance responsibilities in relation to the Group's financial reports, reporting processes and internal controls..

## Seasonality of Operations

The revenue of the Group is evenly distributed throughout the year, with seasonal impact primarily being during the Christmas to New Year period when market activity is reduced.

## Auditor's Independence Declaration

The lead auditor's independence declaration under S307C of the Corporations Act 2001 is set out on page 31 for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors..



**John Nantes**

Executive Chairman

21 February 2024

# Financial Statements

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

		December 2023	December 2022
	Note	\$	\$
Revenue and operational income	2(a)	6,075,879	6,822,251
Business operating expenses		(1,336,349)	(1,028,219)
Employment expenses	2(b)(ii)	(5,983,177)	(4,791,319)
Finance costs*	2(b)(i)	(1,197,601)	(1,162,689)
Depreciation and amortisation expense		(928,289)	(842,396)
Property operating expenses		(32,296)	(37,777)
Software and infrastructure expenses		(1,456,928)	(988,793)
Other expenses		(1,271,773)	(891,053)
Share of net (loss) / profit from associates		(116,793)	101,723
Loss before income tax*		(6,247,327)	(2,818,272)
Income tax expense	2(c)	-	-
Loss for the period attributable to members*		(6,247,327)	(2,818,272)
<b>Other comprehensive income</b>			
Items that will be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the period attributed to members*		(6,247,327)	(2,818,272)
<b>Earnings per share</b>			
	15	Cents	Cents
Basic earnings per share*		(2.2)	(1.0)
Diluted earnings per share*		(2.2)	(1.0)

\* Balance for the period ended 31 December 2022 has been restated - refer Note 17.

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2023

	Note	December 2023 \$	June 2023 \$
<b>Current assets</b>			
Cash and cash equivalents		7,391,016	9,279,270
Trade and other receivables		390,701	2,123,516
Financial assets at fair value through profit or loss	3	174,865	982
Other assets		763,147	471,545
<b>Total current assets</b>		<b>8,719,729</b>	<b>11,875,313</b>
<b>Non-current assets</b>			
Right of use assets	4(a)	1,873,395	1,169,550
Intangibles	5	4,488,414	5,069,853
Investments accounted for using the equity method	6	-	3,679,856
Financial assets at fair value through profit or loss	3	3,388,103	-
Property, plant and equipment		147,437	153,471
Other non-current assets	7	896,757	392,169
<b>Total non-current assets</b>		<b>10,794,106</b>	<b>10,464,899</b>
<b>Total assets</b>		<b>19,513,835</b>	<b>22,340,212</b>
<b>Current liabilities</b>			
Trade and other payables*		2,678,306	4,424,179
Lease liabilities	4(d)	618,323	508,000
Borrowings*	8	1,305,982	1,042,681
Provisions		819,829	617,391
<b>Total current liabilities*</b>		<b>5,422,440</b>	<b>6,592,251</b>
<b>Non-current liabilities</b>			
Lease liabilities	4(d)	1,347,062	751,006
Borrowings*	8	6,495,326	6,173,780
Provisions		134,655	94,435
<b>Total non-current liabilities*</b>		<b>7,977,043</b>	<b>7,019,221</b>
<b>Total liabilities*</b>		<b>13,399,483</b>	<b>13,611,472</b>
<b>Net assets*</b>		<b>6,114,352</b>	<b>8,728,740</b>
<b>Equity</b>			
Issued capital	9	52,491,476	48,514,383
Reserves	10	8,041,721	9,189,227
Retained earnings*		(54,418,845)	(48,974,870)
<b>Total equity*</b>		<b>6,114,352</b>	<b>8,728,740</b>

\* Balance as at 30 June 2023 has been restated - Refer Note 17.

**The accompanying notes form part of these financial statements.**

# Consolidated Statement of Cash Flows

For the period ended 31 December 2023

		December 2023	December 2022
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers and other sources of income		3,528,593	1,801,404
Payments to suppliers and employees		(10,831,973)	(7,677,717)
Net proceeds from sale of financial instruments at fair value through profit or loss		2,847,817	4,541,672
Interest received		115,782	1,042
Finance costs paid		(714,157)	(149,167)
Net operating cash flows		(5,053,938)	(1,482,767)
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(37,591)	(49,692)
Loan to associate		-	(125,000)
Payment for loans		(305,840)	-
Net payment for office bonds		(96,950)	11,000
Net investing cash flows		(440,381)	(163,692)
<b>Cash flows from financing activities</b>			
Proceeds from issue of notes	8(ii)	-	10,000,000
Repayment of issued notes	8(ii)	-	(4,500,000)
Cost of issued notes		-	(398,750)
Proceeds from issues of shares	9(a)(ii)	4,000,000	-
Cost of raising capital		(242,703)	-
Proceeds from related party borrowings	8(iii)	-	1,000,000
Repayment of related party borrowings	8(iii)	-	(1,000,000)
Proceeds from borrowings		192,620	139,913
Repayment of borrowings		(91,918)	(82,822)
Repayments of lease principal	4(c)	(300,351)	(266,665)
Net financing cash flows		3,557,648	4,891,676
Net (decrease) / increase in cash held		(1,936,671)	3,245,217
Cash at the beginning of the period		9,279,270	2,849,309
Effect of exchange rates on cash held in foreign currencies		48,417	12,000
Cash at the end of the financial period		7,391,016	6,106,526

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the period ended 31 December 2023

	Note	Issued capital ordinary \$	Option reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2023*		48,514,383	9,189,227	(48,974,870)	8,728,740
<b>Comprehensive income</b>					
Loss attributable to members of parent entity for the period		-	-	(6,247,327)	(6,247,327)
Total comprehensive loss for the period		-	-	(6,247,327)	(6,247,327)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Contributions of equity, net of transaction costs	9(a)(ii)	3,745,297	12,000	-	3,757,297
Contingent consideration reserve	6(a)(i)	-	(370,682)	370,682	-
Share-based payments - employee scheme	14(c)	-	(124,358)	-	(124,358)
Shares issued on exercise of rights	9(a)(i)	231,796	(231,796)	-	-
Transfer of share-based payment reserve		-	(432,670)	432,670	-
Total transactions with owners and other transfers		3,977,093	(1,147,506)	803,352	3,632,939
Balance at 31 December 2023		52,491,476	8,041,721	(54,418,845)	6,114,352

	Note	Issued capital ordinary \$	Option reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2022		47,319,283	10,006,184	(45,943,331)	11,382,136
<b>Comprehensive income</b>					
Loss attributable to members of parent entity for the period*		-	-	(2,818,272)	(2,818,272)
Total comprehensive loss for the period*		-	-	(2,818,272)	(2,818,272)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Issued note - option premium reserve		-	2,720,000	-	2,720,000
Share-based payments – employee scheme		-	446,025	-	446,025
Shares issued on exercise of rights	9(b)(i)	1,195,100	(1,195,100)	-	-
Share-based payment		-	384,880	-	384,880
Transfer of share-based payment reserve		-	(13,237)	13,237	-
Total transactions with owners and other transfers		1,195,100	2,342,568	13,237	3,550,905
Balance at 31 December 2022*		48,514,383	12,348,752	(48,748,366)	12,114,769

\* Balance as at 1 July 2023 and for the period ended 31 December 2022 have been restated - refer Note 17.

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Note 1: Summary of Significant Accounting Policies

### A. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2023 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Income Asset Management Group Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the date of signing the directors' report.

### B. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

### C. New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period but determined that the application to the financial statements is either not relevant or not material.

## Note 2: Revenue and Expenses

		December 2023	December 2022
(a) Revenue and operational income	Note	\$	\$
• Brokerage and commissions		635,491	657,039
• Placement fees		2,069,991	1,317,737
• Service fees		341,693	43,617
Revenue from contracts with customers	(i)	3,047,175	2,018,393
Net trading income	(ii)	2,680,100	4,802,816
Total operating revenue		5,727,275	6,821,209
Other sources of income	(iii)	348,604	1,042
Total revenue		6,075,879	6,822,251

### (i) Revenue disaggregation

The Group has disaggregated revenue into various categories in the following table. The revenue is disaggregated by service line and timing of revenue recognition.

Service lines:

• Financial services	3,047,175	2,018,393
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Timing of revenue recognition:

• At a point in time	3,047,175	2,018,393
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### (ii) Net trading income

• Income from financial instruments held at fair value through profit or loss	2,680,100	4,802,816
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### (iii) Other sources of income

• Interest - unrelated	115,925	1,042
• Gain on disposal of equity investment	232,679	-
	348,604	1,042

## (b) Expenses

### (i) Finance costs

• Bank loans and overdrafts	72,637	8,715
• Lease liabilities	41,519	33,445
• Interest paid*	1,083,445	1,120,529
	1,197,601	1,162,689

\* Balance for the period ended 31 December 2022 has been restated - refer Note 17

### (ii) Employee benefits expense

• Wages and salaries costs	5,390,442	3,962,959
• Superannuation	474,436	360,833
• Employee benefits provisions	242,658	21,502
• Share-based payment expenses	(124,359)	446,025
	5,983,177	4,791,319

## (c) Income Tax

There is no income tax applicable to the result for the period and prior period due to the availability of carry forward tax losses.



## Note 3: Financial Assets at Fair Value

		December 2023	June 2023
Current	Note	\$	\$
Unlisted investments at fair value			
• Corporate bonds		117,785	982
Listed investments at fair value			
• Corporate bonds		57,080	-
Total current financial assets at fair value through profit or loss		174,865	982
		\$	\$
Non-current			
Unlisted investments at fair value			
• Other unlisted equity securities	(i)	3,388,103	-
Total non-current financial assets at fair value through profit or loss		3,388,103	-

(i) On 18 September 2023, the Group announced to the ASX that Tactical Global Management (TGM) had undertaken a strategic merger with Alpha Vista Financial Services (AVFS) that combines their complementary intellectual property and leverages AVFS's capabilities and TGM's 25 years of asset management experience. TGM shareholders received a 10% equity stake in the merged entity and an entitlement to deferred contingent share consideration, resulting in the Group holding 2.5% of the merged AVFS entity. Refer Note 6(a)(i).

The Group received 2,258,735 ordinary shares in AVFS and the fair value using the most recent capital raise in AVFS and the fair value is \$1.50 per share.

## Note 4: Right of Use Assets

### (a) AASB 16 related amounts recognised in the statement of financial position

	Note	December 2023 \$	June 2023 \$
<b>Right of Use Assets</b>			
Leased buildings		2,672,542	2,127,498
Accumulated depreciation		(799,147)	(957,948)
		1,873,395	1,169,550
<b>Movement in carrying amounts:</b>			
Leased buildings:			
Opening net carrying amount	(i)	1,169,550	856,257
Additions	(ii)	1,007,069	909,864
Depreciation expense for the year		(303,224)	(596,571)
		1,873,395	1,169,550

(i) The Group has the following carried forward leases recognised under AASB 16.

A 5-year lease for office premises in Flinders Lane, Melbourne, with an expiry date of 11 November 2026.

A 3-year lease for office premises in Martin Place, Sydney, with an expiry date of 19 July 2025.

(ii) The Group entered into the following lease recognised under AASB 16 during the period.

A 5-year lease for office premises in Adelaide Street, Brisbane, with an expiry date of 30 November 2028.

Management estimate – lease term and discount rate

The lease has no option period and as such there is no option included in the calculation of the lease liability. A benchmarked borrowing rate of 8.75% has been used as the discount rate.

(i) The following carried forward lease recognised under AASB 16 expired during the period.

A 3-year lease for office premises in Adelaide Street, Brisbane, with an expiry date of 30 November 2023.

### (b) AASB 16 related amounts recognised in the statement of profit or loss

	December 2023 \$	June 2023 \$
Depreciation charge related to right of use assets	303,224	596,571
Interest expense on lease liabilities (included in finance costs)	41,519	85,395

### (c) AASB 16 related amounts recognised in the statement of cash flows

	December 2023 \$	June 2023 \$
Total principal and interest cash outflows for leases	300,351	546,744

**(d) Lease liabilities**

	<b>December 2023</b>	<b>June 2023</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Lease liabilities	618,323	508,000
<b>Total current lease liabilities</b>	<b>618,323</b>	<b>508,000</b>
<b>Non-current</b>		
Lease liabilities	1,347,062	751,006
<b>Total non-current lease liabilities</b>	<b>1,347,062</b>	<b>751,006</b>
<b>Total lease liabilities</b>	<b>1,965,385</b>	<b>1,259,006</b>

## Note 5: Intangible Assets

	Note	December 2023 \$	June 2023 \$
Goodwill – at cost	(i)	226,316	226,316
		226,316	226,316
Software development – at cost	(i)	11,383,682	11,383,682
less accumulated amortisation		(7,634,997)	(7,113,244)
		3,748,685	4,270,438
Trademarks and patent – at cost		20,986	20,986
less accumulated amortisation		(8,186)	(4,632)
		12,800	16,354
Management rights - at fair value		556,745	556,745
less accumulated amortisation		(56,132)	-
		500,613	556,745
Total intangibles		4,488,414	5,069,853

### (i) Intangible Assets

Goodwill relates to the subsidiary IAM Capital Markets Limited Cash Generating Unit.

Internally generated software intangibles relate to the Cash Generating Units of IAM Cash Markets and IAM Capital Markets.

As part of the half-year impairment assessment process, the Group has considered the carrying value of the intangible assets balance and note that no impairment charge is required at 31 December 2023.

The useful lives of the intangible assets were also considered to remain appropriate at 31 December 2023.

#### Management estimate – fair value of intangible assets

The recoverable amounts were determined based on value-in-use calculations which require the use of various assumptions. The key assumptions used for the assessment are a discount rate of 13.52%; an equity risk premium of 10.50%; a risk-free rate of 3.86%; a beta of 0.92 and a terminal growth rate of 8.2%.

The calculations use the year ended June 2024 forecast result plus cash flow projections based on financial forecasts covering a further four-year period. The revenue forecast has assumed a 43% growth forecast for the year ended June 2024 compared to the year ended June 2023, and 64% for the year ended June 2025, as the business gains significant scale in bond activities. The growth drops to 25% and then 14% as a sustainable growth rate in the outer years of the model as the business matures. Operating cost outflows are expected to increase in line with inflation, as the business' cost base is considered to be appropriate for the forecast operations. Inflation has been assumed to be 4% for the year ended June 2025. Going forward into the outer years of the forecast, costs are expected to increase by 3%, reflecting more normal inflation and operating cost containment as efficiencies of scale are achieved.

#### Sensitivity to change in assumptions

Sensitivity analysis on changes to key assumptions and cash flow projections used in the value-in-use calculations indicate that reasonable changes in the key assumptions will not cause the recoverable amount of the CGU to be less than its carrying value. One of the key variables analysed was a 12% drop in revenue in each period of the cash flow projections.

## Note 6: Investments Accounted for Using the Equity Method

	December 2023	June 2023
	\$	\$
Investments accounted for using the equity method	-	3,679,856

### (a) Carrying amounts

The Group holds investments that undertake funds management activities. Information relating to these entities is set out below.

			Ownership Interest		June 2023	
Name of company	Principal activities	Note	December 2023 %	June 2023 %	December 2023 \$	June 2023\$
Unlisted						
Tactical Global Management Ltd	Funds Management	(i)	-	25	-	3,679,856
						3,679,856

Tactical Global Management Ltd (TGM) is incorporated and has its principal place of business in Australia and was accounted for using the equity method in the June 2023 comparative.

#### (i) TGM and AVFS merger

On 18 September 2023, the Group announced to the ASX that TGM had undertaken a strategic merger with Alpha Vista Financial Services (AVFS) that combines their complementary intellectual property and leverages AVFS's capabilities and TGM's 25 years of asset management experience.

TGM shareholders received a 10% equity stake in the merged entity, resulting in the Group holding 2.5% of the merged AVFS entity. From the date of the merger, the Group does not have significant influence over AVFS and accordingly the investment ceases to be accounted for using the equity method. The Group has recognised the interest in AVFS as a financial asset and is recorded at fair value of \$3,388,103 in accordance with AASB 9. Refer Note 3(i).

In time, the Group and TGM could earn additional equity in AVFS and cash bonuses, subject to performance hurdles. The Group has waived the majority of its rights to this additional equity and cash bonuses, and in exchange, TGM shareholders have accepted the cancellation of 15 million performance rights issued to them on 26 October 2021, as part of the contingent consideration for the Group's acquisition of shares in TGM. As a result, the \$370,682 in contingent consideration has been reversed from the option reserve to retained earnings.

The Group retains a proportional entitlement of 5.8823% of the aggregate deferred share consideration in AVFS. This 5.8823% proportional entitlement will represent approximately 0.5% of the ordinary share capital in AVFS. The deferred consideration is in two tranches comprising 50% when the revenue of the asset management component of AVFS reaches or exceeds \$10 million in a financial year, and then a further 50% when the revenue of the asset management component of AVFS reaches or exceeds \$20 million in a financial year. The Group has calculated the fair value of the deferred contingent consideration at \$407,639. Refer Note 7(i).

The difference between the fair value of the recognised interest in AVFS of \$3,388,103 plus the deferred contingent consideration of \$407,639 and the carrying amount of the TGM investment at the date the equity method was discontinued of \$3,563,063 is a profit of \$232,679, which has been recognised through the profit and loss as a gain on disposal of equity investment.

## Note 7: Other Non-current Assets

		December 2023	June 2023
Non-current	Note	\$	\$
Bonds & Deposits		489,118	392,169
Contingent consideration	(i)	407,639	-
Total other non-current other assets		896,757	392,169

- (i) The Group retains a proportional entitlement of 5.8823% of the aggregate deferred share consideration in AVFS. This 5.8823% proportional entitlement will represent approximately 0.5% of the ordinary share capital in AVFS. The deferred consideration is in two tranches comprising 50% when the revenue of the asset management component of AVFS reaches or exceeds \$10 million in a financial year, and then a further 50% when the revenue of the asset management component of AVFS reaches or exceeds \$20 million in a financial year. The Group has used an AVFS share price of \$1.50 and a weighted probability of 60% to calculate a fair value of \$407,639 for the deferred contingent consideration. Refer Note 6(a)(i).

## Note 8: Borrowings

		December 2023	June 2023
Current	Note	\$	\$
Loans – unsecured	(i)	112,361	11,659
Issued notes*	(ii)	1,193,621	1,031,022
<b>Total current borrowing*</b>		<b>1,305,982</b>	<b>1,042,681</b>
<b>Non-current</b>			
Issued notes*	(ii)	6,495,236	6,173,780
<b>Total non-current borrowing*</b>		<b>6,495,326</b>	<b>6,173,780</b>
<b>Total borrowings*</b>		<b>7,801,308</b>	<b>7,216,461</b>

\* Balance as at 30 June 2023 has been restated - refer Note 17.

(i) Unsecured short-term loan for the payment of the Group's CRM software.

(ii) Issued notes

On 4 November 2022, IAM issued a 12% unsecured note with a face value of \$10,000,000 and a maturity of 3 years. Interest is payable quarterly in arrears at a rate of 12% based on face value and notes have been measured at amortised cost. The borrowing has been used to fund the growth of the IAM Capital Markets and Trustees Australia businesses, and to repay the \$4,500,000 6% 3 year unsecured note that was issued on 24 December 2020. The issued notes balance of \$7,688,857 (June 2023: \$7,204,802) represents the face value of the borrowing less costs of issuance.

The noteholders were also issued with four ASX listed options for every \$1 invested. Each option entitles the holder to purchase one IAM share at an exercise price of \$0.25 at any time during the 3-year life of the option. Refer Note (iii) below for details of the fair valuation process. The existing ASX listed options, issued to the 2020 IAM note holders, remain on issue and expire on 4 March 2024. Each of these options entitles the holder to purchase one IAM share at an exercise price of \$0.50 at any time during the 3-year life of the option. Refer Note (iii) below for details of the fair valuation process.

Issued notes – option premium

The option premium on the issued note represents the options on IAM shares outlined in note (ii) above. The premium represents an additional borrowing cost, and is incorporated within the effective interest rate on the issued note liability.

### Management estimate – fair valuation of option premium

The fair value of the options was determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

	Options issued 4 November 2022	Options issued 24 December 2020
Fair value at grant date (per option)	\$0.068	\$0.14
Grant date	4 November 2022	24 December 2020
Number of rights	40,000,000	9,000,000
Exercise price	\$0.25	\$0.50
Expiry date	31 December 2025	24 March 2024
Share price at grant date	\$0.15	\$0.34
Expected price volatility of the Company's shares	32%	79%
Expected dividend yield	nil	nil
Risk-free interest rate	3.42%	0.10%

### (iii) Related party funding

Commencing in September 2022, the Group entered into a borrowing agreement with Third Return Investments Pty Ltd, an entity associated with Jon Lechte (CEO), who provided a loan facility for an amount of not more than \$1,000,000 at any time. The interest rate was 6%, repayment was to be made by 1 September 2023 or with 2 business days' notice to the lender, and the facility was to be used to settle securities or bonds purchased by the Group. During the half-year, the facility has been renewed on the same terms as the expired facility with a repayment date of 30 June 2024. The facility was not utilised during the period.

In the December 2022 comparative period, the facility with Third Return Investments was utilised between September 2022 and November 2022 and was repaid on 10 November 2022. Interest paid on the loan was \$13,063.

A loan facility of \$500,000 was provided by Adcock Private Equity Limited ATF Adcock Private Equity Trust, an entity associated with director Brook Adcock. The facility was provided for the purpose of meeting any liabilities that fall due and general corporate purposes until such time as the Group could raise capital. The interest rate was 6% and repayment was to be made by 1 September 2023 or with 2 business days' notice to the lender. On 1 September 2023 the facility expired and has not been renewed. The facility was not utilised during the period or in the prior period comparative.



## Note 9: Issued Capital

	December 2023	June 2023
	\$	\$
Issued capital	52,491,476	48,514,383

### (a) Movement in ordinary shares as of 31 December 2023:

Date	Detail	Note	Number of shares	Issue price \$	Issued capital \$
1 July 2023	Opening balance		280,020,821		48,514,383
7 November 2023	Performance rights exercised	(i)	850,000	\$0.27	231,796
7 November 2023	Share placement - tranche 1	(ii)	31,003,123	\$0.08	2,480,250
29 December 2023	Share placement - tranche 2	(ii)	-	\$0.08	1,519,750
	Transaction costs		-	-	(254,703)
31 December 2023	Closing balance		311,873,944		52,491,476

- (i) On 7 November 2023, IAM issued 850,000 shares at an average issue price of \$0.27 upon vesting of employee performance rights..
- (ii) On 7 November 2023, IAM issued 31,003,123 shares to institutional and sophisticated investors. This is tranche one of a two-tranche placement of \$4,000,000 at an issue price of \$0.08. Tranche two received shareholder approval on 29 December 2023 and capital was received on the same day, with the balance of 18,996,877 shares issued on 2 January 2024. Funds will be used to rebalance the cash position and address the increasing demand in secondary trading, where the Group can use its balance sheet to generate revenue and allow the trading desk to move faster on debt deals.

### (b) Movement in ordinary shares as of 31 December 2022:

Date	Detail	Note	Number of shares	Issue price \$	Issued capital \$
1 July 2022	Opening balance		276,220,821		47,319,283
3 November 2022	Performance rights exercised	(i)	3,800,000	\$0.31	1,195,100
31 December 2022			280,020,821		48,514,383

- (i) On 3 November 2022, IAM issued 3,800,000 shares at an average issue price of \$0.31 upon vesting of employee performance rights.

## Note 10: Reserves

	December 2023	June 2023
	\$	\$
Option reserve	8,041,721	9,189,227

### (a) Movement in options/performance rights as of 31 December 2023:

Date	Detail	Note	Number of options/ performance rights	Option reserve \$
1 July 2023	Opening balance		110,429,000	9,189,227
18 September 2023	Contingent consideration reserve	6(a)(i)	(15,000,000)	(370,682)
29 December 2023	Blue Ocean Options	14(b)(i)	1,500,000	12,000
31 December 2023	Share-based payments - employee scheme	14(c)	-	(124,358)
31 December 2023	Performance rights exercised	14(a)	(850,000)	(231,796)
31 December 2023	Performance rights forfeited	14(a)	(8,830,000)	(432,670)
31 December 2023	Closing balance		87,249,000	8,041,721

### (b) Movement in options/performance rights as of 31 December 2022:

Date	Detail	Note	Number of options/ performance rights	Option reserve \$
1 July 2022	Opening balance		89,677,333	10,006,184
30 September 2022	Blue Ocean Options - Lapsed		(133,333)	(13,237)
4 November 2022	Issued notes - option premium reserve	8(ii)	40,000,000	2,720,000
4 November 2022	Share-based payments	14(b)(i)	5,660,000	384,880
Jul22 - Dec22	Share-based payments - employee scheme		-	446,025
Jul22 - Dec22	Performance rights exercised		(3,800,000)	(1,195,100)
31 December 2022	Closing balance		131,404,000	12,348,752

## Note 11: Commitments and Contingencies

### (i) Responsible Entity and AFSL Licence Obligations

The Group holds the following financial services licences under section 913B of the *Corporations Act 2001*:

Name	Licence Number
IAM Capital Markets Limited	283119
Trustees Australia Limited (Trustees Australia)	260038

As a condition of licence authorisation, each licensee is required to maintain a number of base level financial requirements and Trustees Australia has additional financial requirements as a result of being licenced to provide Responsible Entity services. At 31 December 2023, all entities meet the base level requirements and Trustees Australia meets its additional financial requirements.

There are no other commitments and contingencies reported at 31 December 2023.

## Note 12: Related Party Transactions

### Related parties of the IAM Group are:

- Controlled entities.
- Key management personnel and their associates.
- Director related entities.
- Joint ventures accounted for under the equity method.

### Entities with significant influence over the Group are:

- Relevant interests associated with director, Brook Adcock, own 17.94% (June 2023: 26.19%) of the ordinary shares in IAM at the date of this report.

### Transactions with related parties

Transactions with related parties are made at arm's length at normal market prices and on normal commercial terms.

### The following transactions occurred with director related parties:

- John Nantes is a director of CJN Advisory Pty Ltd (CJN Advisory), who undertakes responsible manager and consulting services work for the Group. During the period, \$124,002 (December 2022: \$99,000) was paid by the Group to CJN Advisory and at 31 December 2023 the Group had no outstanding amounts (December 2022: \$nil) with CJN Advisory.
- Craig Swanger is a director of Revolver Capital Pty Ltd (Revolver Capital). Revolver Capital undertakes project management, CIO and consulting work for the Group. During the period, \$97,500 (December 2022: \$30,000) was paid by the Group to Revolver Capital and at 31 December 2023 the Group had \$33,000 (December 2022: \$nil) outstanding with Revolver Capital.

### The following transactions occurred with directors:

- Fiona Dunn received a director's fee of \$25,000 (December 2022: \$30,000) and superannuation of \$2,750 (December 2022: \$3,150) during the reporting period. Fiona resigned from the board on 5 December 2023.
- On 4 November 2022, IAM issued a 12% unsecured note and each noteholder was also issued 4 options for every \$1 invested. As a result the IAM note issued in 2020 was repaid. Options issued as part of the IAM 2020 note are still held and current. Below is a list of directors who participated in both issues and their relevant interests at 31 December 2023.

	Options Issued 4 November 2022		Options issued 24 December 2020	
	Notes \$	Options (No.)	Notes \$	Options (No.)
Brook Adcock	-	-	-	1,450,000
using the equity method	50,000	200,000	-	100,00

Interest on the IAM notes of \$3,008 paid to related parties of directors (December 2022: \$17,116) has been expensed in finance costs.

- On 2 January 2024, John Nantes (indirect holdings) was issued 250,000 IAM shares as part of the Group's \$4,000,000 placement to institutional and sophisticated investors.

#### The following transactions occurred with KMP:

- On 4 November 2022, IAM issued a 12% unsecured note and each noteholder was also issued 4 options for every \$1 invested. As a result the IAM note issued in 2020 was repaid. Options issued as part of the IAM 2020 note are still held and current. Below is a list of KMP who participated in both issues and their relevant interests at 31 December 2023.

	Options Issued 4 November 2022		Options issued 24 December 2020	
	Notes \$	Options (No.)	Notes \$	Options (No.)
Jon Lechte	500,00	2,000,000	-	1,000,000

Interest on the notes of \$30,082 (December 2022: \$19,808) has been expensed in finance costs.

- On 2 January 2024, Jon Lechte was issued 875,000 IAM shares as part of the Group's \$4,000,000 placement to institutional and sophisticated investors.

#### Loans from related parties

- Commencing in September 2022, the Group entered into a borrowing agreement with Third Return Investments Pty Ltd, an entity associated with Jon Lechte (CEO), who provided a loan facility for an amount of not more than \$1,000,000 at any time. The interest rate was 6%, repayment was to be made by 1 September 2023 or with 2 business days' notice to the lender, and the facility was to be used to settle securities or bonds purchased by the Group. During the half-year, the facility has been renewed on the same terms as the expired facility with a repayment date of 30 June 2024. The facility was not utilised during the period.
- In the December 2022 comparative, the facility with Third Return Investments was utilised between September 2022 and November 2022 and was repaid on 10 November 2022. Interest paid on the loan was \$13,063.
- A loan facility of \$500,000 was provided by Adcock Private Equity Limited ATF Adcock Private Equity Trust, an entity associated with director Brook Adcock. The facility was provided for the purpose of meeting any liabilities that fall due and general corporate purposes until such time as the Group could raise capital. The interest rate was 6% and repayment was to be made by 1 September 2023 or with 2 business days' notice to the lender. On 1 September 2023 the facility expired and has not been renewed. The facility was not utilised during the period or in the prior period comparative.

## Note 13: Segment Information

The Group has only one operating segment based on the information provided to the Board of Directors (who are identified as the Chief Operating Decision Makers. Therefore, as the results are the same as the consolidated entity, no reconciliation of operating segment information has been presented. The disaggregation of revenue is reported in Note 2(a).

## Note 14: Share-Based Payments

### (a) Employee share scheme

The Group established the Long-Term Incentive Plan (LTIP) on 30 November 2016 as an incentive scheme to recognise and motivate employees to strive for Group performance. The Group considers that the LTIP reflects our commitment to deliver competitive remuneration in order to attract and retain high caliber professionals to the Group, while prudently managing the Group's cash reserves and aligning the interests of executives and shareholders.

The LTIP allows the Board to grant performance rights and/or options to eligible employees. An eligible employee of the Group is an employee (including a director employed in an executive capacity) and any other person who is declared by the Board to be eligible to receive a grant of performance rights or options.

The number available to be granted is determined by the Board and is generally based on shareholder return triggers linked to a share price and are also subject to various minimum service standards such as term of service.

Set out below are performance rights and options granted under the plan during the period:

Grant date	Expiry date	Note	Hurdle price \$	Exercise price \$	Balance at 1 July 2023	Forfeited during the period	Vested and issued during the period	Balance at 31 December 2023	Vested and exercisable at end of the period
<b>Performance rights</b>									
1/04/2020	1/04/2025	(i)	0.45*	-	8,830,000	-	-	8,830,000	-
9/09/2020	9/09/2025		0.45	-	1,640,000	-	-	1,640,000	-
1/12/2020	1/12/2025		0.50	-	4,815,000	-	-	4,815,000	-
1/12/2020	1/12/2025		0.75	-	7,230,000	-	-	7,230,000	-
1/11/2021	1/07/2023		-	-	500,000	-	(500,000)	-	-
1/11/2021	1/07/2024		-	-	500,000	-	-	500,000	-
1/11/2021	1/07/2025		0.45	-	1,000,000	-	-	1,000,000	-
1/11/2021	1/07/2026		0.75	-	1,500,000	-	-	1,500,000	-
1/11/2021	1/10/2023		0.75	-	8,830,000	(8,830,000)	-	-	-
30/05/2022	30/05/2027		-	-	350,000	-	(350,000)	-	-
30/05/2022	30/05/2027		0.45	-	400,000	-	-	400,000	-
30/05/2022	30/05/2027		0.45	-	400,000	-	-	400,000	-
22/06/2022	22/04/2027		0.45	-	1,820,000	-	-	1,820,000	-
22/06/2022	22/04/2027		0.75	-	1,370,000	-	-	1,370,000	-
<b>Options</b>									
24/12/2020	24/12/2023		-	0.50	84,000	-	-	84,000	84,000
					39,269,000	(8,830,000)	(850,000)	29,589,000	84,000

(i) Executive directors and senior management have voluntarily agreed to raise the hurdle price from \$0.45 to \$0.75 by way of escrow.

(b) Other options granted

Set out below are other options granted during the period:

Grant date	Expiry date	Type	Note	Exercise price \$	Balance at 1 July 2023	Granted during the period	Exercised during the period	Forfeited during the period	Balance at 31 December 2023	Vested and exercisable at end of the period
16/08/2021	18/08/2024	Options		0.405	1,500,000	-	-	-	1,500,000	1,500,000
4/11/2022	4/11/2025	Options		0.250	5,660,000	-	-	-	5,660,000	5,660,000
29/12/2023	29/12/2026	Options	(i)	0.12	-	1,500,000	-	-	1,500,000	1,500,000
					7,160,000	1,500,000	-	-	8,660,000	8,660,000

(i) Options granted to suppliers

Blue Ocean Equities was issued options as part consideration for placement fees of \$4,000,000 during the period. The options were issued for no consideration and vested immediately. The fair value of the options was determined using the Black Scholes valuation model, taking into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

Number of options	1,500,000
Fair value at grant date (per right)	\$0.008
Grant date	29 December 2023
Exercise price	\$0.12
Expiry date	29 December 2026
Share price at grant date	\$0.08
Expected price volatility of the Company's shares	32%
Expected dividend yield	nil
Risk-free interest rate	4.45%

During the period \$12,000 (December 2022: \$nil) has been expensed as transaction costs in equity.

(c) Total expenses arising from share-based transactions recognised during the period are as follows:

	Note	December 2023 \$	December 2022 \$
Employee share scheme - share-based payment expenses	2(b)(ii)	(124,359)	446,025
Other options granted - transaction costs (equity)	14(b)(i)	12,000	-
Other options granted - transaction costs (borrowings)		-	384,880

## Note 15: Earnings Per Share

	December 2023	December 2022
Earnings per share	Cents	Cents
Basic loss per share*	(2.2)	(1.0)
Diluted loss per share*	(2.2)	(1.0)
Reconciliation of earnings to profit or loss		
Loss attributed to shareholders*	(6,247,327)	(2,818,272)
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	289,420,103	277,425,193
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	289,420,103	277,425,193

\*Balance for the period ended 31 December 2022 has been restated - refer to Note 17.

## Note 16: Events After the Reporting Period

On 2 January 2024, IAM issued 18,996,877 shares to institutional and sophisticated investors. This is tranche two of the placement of \$4,000,000 at an issue price of \$0.08. Refer Note 9(a)(ii).

In the opinion of the directors there are no material matters that have arisen since 31 December 2023 that have significantly affected or may significantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.



## Note 17: Restatement of Comparatives

In the 31 December 2023 half-year, the Group discovered it had erroneously been amortising its issued notes and options using the straight line method instead of the effective interest method. As a consequence, interest expenses and related liabilities have been impacted and corrected by restating each of the affected financial statement line items for prior periods.

### (i) Consolidated statement of financial position - as at 30 June 2023

	<u>Impact of correction</u>		
	Previously Reported	Adjustment	Restated
Trade and other payables	4,636,629	(212,450)	4,424,179
Borrowings	11,659	1,031,022	1,042,681
<b>Total current liabilities</b>	<b>5,773,679</b>	<b>818,572</b>	<b>6,592,251</b>
Borrowings	6,888,644	(714,864)	6,173,780
<b>Total non-current liabilities</b>	<b>7,734,085</b>	<b>(714,864)</b>	<b>7,019,221</b>
<b>Total liabilities</b>	<b>13,507,764</b>	<b>103,708</b>	<b>13,611,472</b>
<b>Net assets</b>	<b>8,832,448</b>	<b>(103,708)</b>	<b>8,728,740</b>
Retained earnings	(48,871,162)	(103,708)	(48,974,870)
<b>Total equity</b>	<b>8,832,448</b>	<b>(103,708)</b>	<b>8,728,740</b>

### (ii) Consolidated statement of profit or loss and other comprehensive income - for the half-year ended 31 December 2022

	<u>Impact of correction</u>		
	Previously Reported	Adjustment	Restated
Finance costs	(687,602)	(475,087)	(1,162,689)
<b>Loss before tax</b>	<b>(2,343,185)</b>	<b>(475,087)</b>	<b>(2,818,272)</b>
<b>Total comprehensive loss</b>	<b>(2,343,185)</b>	<b>(475,087)</b>	<b>(2,818,272)</b>



# Directors' Declaration

For the half-year ended 31 December 2023

In accordance with a resolution of the directors of Income Asset Management Group Limited, the directors of the Company declare that:

- (a) the financial statements and notes to the financial statements of the Company and of the Group, as set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, and:
  - (i) give a true and fair view of the Company's and Group's financial position as at 31 December 2023 and of their performance for the half-year ended on that date; and
  - (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
- (b) 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; and
- (c) the directors have been given the declarations required by s 295A of the *Corporations Act 2001*.

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

A handwritten signature in dark ink, appearing to be 'John Nantes', is located below the declaration text. The signature is fluid and stylized, with a large loop at the beginning.

John Nantes  
Executive Chairman

21 February 2024



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Sydney NSW 2000  
Australia

**DECLARATION OF INDEPENDENCE BY NAME OF TIM AMAN TO THE DIRECTORS OF INCOME ASSET MANAGEMENT GROUP LIMITED**

As lead auditor for the review of Income Asset Management Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Income Asset Management Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Tim Aman', is written above the printed name.

**Tim Aman**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 21 February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Income Asset Management Group Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Income Asset Management Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its 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*. 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the 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 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 2023 and its financial 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.

**BDO Audit Pty Ltd**

*BDO*

A handwritten signature in black ink, appearing to read 'Tim Aman', is written over a horizontal line.

**Tim Aman**  
**Director**

Sydney, 21 February 2024

# Corporate Directory

## Board of Directors

John Nantes  
*Executive Chairman*

Brook Adcock  
*Non-Executive Director*

Craig Swanger  
*Executive Director*

## Company Secretary

Vanessa Chidrawi  
*Company Secretary*

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## Corporate and Registered Office

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## Share Register

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**Email** [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)  
**Web** [boardroomlimited.com.au](http://boardroomlimited.com.au)

## Auditor

**BDO Audit Pty Ltd**  
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**Email** [info.sydney@bdo.com.au](mailto:info.sydney@bdo.com.au)  
**Web** [bdo.com.au](http://bdo.com.au)

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## Stock Exchange

IAM is listed on the ASX with ticker code IAM

**Income Asset Management Group Limited**

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[incomeam.com](http://incomeam.com)

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