

FINEXIA FINANCIAL GROUP LIMITED

ACN 106 760 418

Appendix 4D - Half Year Report 31 December 2022

1. DETAILS OF THE REPORTING PERIOD AND THE PREVIOUS CORRESPONDING PERIOD

Reporting Period	Half Year Ended 31 December 2022
Previous Corresponding Period	Half Year Ended 31 December 2021

2. RESULTS FOR ANNOUNCEMENT

Revenue from Ordinary Activities	7,065,274
Previous Corresponding Period	5,973,056
Percentage Change from Previous Period	18%

Profit/(loss) from Ordinary Activities after Tax	1,819,015
Previous Corresponding Period	2,566,652
Percentage Change from Previous Period	(29.13%)

Net Profit/(loss) for the Period attributable to Members	1,819,015
Previous Corresponding Period	2,566,652
Percentage Change from Previous Period	(29.13%)

The dividend per security	There are no dividends proposed or paid relating to the reporting period.
The record date for determining entitlements	N/A

3. EARNINGS PER SHARE

Earnings/(loss) per share (cents)	
Reporting Period	5.61
Previous Period	8.17

(EPS adjusted for effect of share consolidation)

4. NET TANGIBLE ASSETS PER SHARE

Net Tangible Assets per share (cents)	
Reporting Period	26.82
Previous Period	20.91

(pcp NTA per share adjusted for effect of share consolidation)

5. DETAILS OF ENTITIES WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Entities where control has been gained or ceased during the year	
Reporting Period	None
Previous Period	None

Signed on behalf of the Board,



Neil Sheather
Director

24 February 2023

FINEXIA

ACN 106 760 148



INTERIM FINANCIAL REPORT

HALF YEAR ENDED

31 December 2022

**FINEXIA FINANCIAL GROUP LIMITED
DIRECTORS' REPORT**

**FINEXIA FINANCIAL GROUP LIMITED
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**FINEXIA FINANCIAL GROUP LIMITED
DIRECTORS' REPORT**

Your directors submit the half-year financial report of the consolidated entity (the "Group") consisting of Finexia Financial Group Limited (the "Company") and the entities it controlled, for the half-year to 31 December 2022.

In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

DIRECTORS

The names of the directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

DIRECTORS

Neil Sheather (appointed 10 November 2014)
Jean Marc Li Kam Tin (appointed 23 March 2020)
Patrick Michael Bell (appointed 1 October 2020)

RESULTS

The profit for the half year after tax was \$1,819,015 (2021: \$2,566,652).

REVIEW OF OPERATIONS

Finexia Financial Group Limited ('The Company' or 'The Group') has delivered a solid result from both a financial and operational perspective in the first six months of financial year 2023. The performance metrics have been consistent with the Company's forecasts and the previous guidance provided to the market. The Company continues to streamline its operations into three core strategic segments: Private Credit, Funds & Asset Management and Equity Capital Markets.

Notwithstanding the growing macroeconomic headwinds being felt across the broader economy, the Company has been able to grow its top line revenue to A\$7,065,274 an 18% increase on the previous corresponding period. The resulting pre-tax operating profit was \$2,444,545 (NPAT A\$1,819,015 down from \$2,566,652 in the pcp). The drop in net profit is largely attributable to a change in the Group's tax position and a provision for an impairment on a single isolated secured loan, of which recovery success remains unknown.

In the six months to 31 December 2022, the segmented revenue across the three operational divisions each outperformed the previous period. In the interest of providing greater clarity to our investors going forward, the Group intends to report financial performance across the three aforementioned divisions.

Encouragingly, the cash operating profit for the period was A\$3,112,395 allowing the Company to consolidate and grow its cash position along with the NTA per share. On 31 December 2022, the Group's cash at bank was A\$10.1M. Generating sustainable recurring cash profit remains high on management's priority and will be pivotal in realising the Company's future dividend ambitions.

The Finexia Childcare Centre Incubation Fund ('Childcare Fund') was launched in October 2022 and since has accelerated its funding commitments to stand at circa \$50M at the end of the period. To date, management is extremely pleased with the level of interest being expressed in the Fund by both investors and childcare operators. The Fund has provided significant positive momentum for the remainder of this financial year and based on current projections and loan deal flow into the second half of the financial year, the Company remains confident that the previous Group operating profit guidance target of A\$4.3M remains intact.

**FINEXIA FINANCIAL GROUP LIMITED
DIRECTORS' REPORT**

Key Highlights

- Revenue up 18.0% to A\$7,065,274
- NPAT \$1,819,015
- Launch of the Finexia Childcare Centre Incubation Fund (ARSN 658 543 625)
- Consolidation of capital undertaken on 21 November 2022 (5:1 consolidation)

Management continues to pursue opportunities to secure a wholesale funding facility to fuel the next phase of the Company's growth. Access to flexible competitive financing is critical to the mission and the Company will be providing further updates on this in the coming months.

SUBSEQUENT EVENTS

On 23 December 2022, the Company announced a proposed issue of securities to the market. The key statistics of the offer were published in the rights issue prospectus.

On 7 February 2023, Finexia announced the results of the Company's non-renounceable pro-rata rights issue of 1 new share for every 2 shares.

The Company advises that it has received acceptances from existing shareholders for 4,314,625 new shares raising a total of A\$1,294,387.50 before costs. The new shares were issued to investors on 14 February 2023.

There was no other matter or circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*, and on behalf of the Board by:



**NEIL SHEATHER
DIRECTOR**

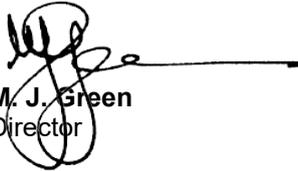
Dated 27 of February 2023

**Auditor's Independence Declaration to the Directors of
Finexia Financial Group Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MAZARS ASSURANCE PTY LIMITED
AUTHORISED AUDIT COMPANY: 338599



M. J. Green
Director

Brisbane, 27 February 2023

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 December 2022**

	NOTE	31 December 2022 \$	31 December 2021 \$
Continuing operations			
Revenue			
Rendering of services		3,896,949	3,459,259
Interest income		2,177,943	1,482,304
Property rental income		81,909	72,809
Gain on sale of investments		191,500	314,173
Other income		716,973	644,511
		<u>7,065,274</u>	<u>5,973,056</u>
Change in fair value of investments	4	(104,745)	80,811
Expenses			
Product commissions		(149,033)	(427,146)
Audit fees		(63,768)	(52,273)
Corporate and professional expenses		(1,002,293)	(825,248)
Depreciation		(78,826)	(78,801)
Amortisation		(74,750)	(74,750)
Employee expenses		(950,953)	(670,156)
Impairment of receivables		(250,068)	38,500
Foreign exchange gain/(loss)		161	(4,024)
Finance expenses		(14,997)	(222,127)
Interest on mortgage loans		(1,931,457)	(863,437)
Other expenses		-	-
		<u>2,444,545</u>	<u>2,874,405</u>
PROFIT/(LOSS) BEFORE INCOME TAX		2,444,545	2,874,405
Income tax expense		(625,530)	(307,753)
		<u>1,819,015</u>	<u>2,566,652</u>
PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		1,819,015	2,566,652
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
ITEMS THAT MAY BE CLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
		-	-
TOTAL OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>1,819,015</u>	<u>2,566,652</u>
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		1,819,015	2,566,652
Non-controlling interest		-	-
		<u>1,819,015</u>	<u>2,566,652</u>

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

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 31 December 2022**

	31 December 2022	31 December 2021
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:		
Owners of the Company	1,819,015	2,566,652
Non-controlling interest	-	-
	1,819,015	2,566,652
EARNINGS/(LOSS)/PER SHARE		
Basic and diluted earnings/(loss) per share (cents per share)	5.61	8.17

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

FINEXIA FINANCIAL GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022

	NOTE	31 December 2022 \$	30 June 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	10,194,626	2,721,187
Trade and other receivables	4	3,771,024	1,525,906
Financial assets	4	24,116,022	10,880,751
Loan assets		171,203	-
Mortgage assets		23,163,439	33,349,254
Prepayments or other assets		136,858	307,577
TOTAL CURRENT ASSETS		61,553,172	48,784,675
NON-CURRENT ASSETS			
Trade and other receivables	4	40,000	40,000
Intangibles		402,250	477,000
Goodwill		1,365,039	1,365,039
Mortgage assets	4	9,350,543	-
Deferred tax assets		39,830	-
Property, plant and equipment		1,198,306	1,254,292
TOTAL NON-CURRENT ASSETS		12,395,968	3,136,331
TOTAL ASSETS		73,949,140	51,921,006
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,479,464	956,593
Current tax liabilities		1,215,107	475,205
Provision for annual leave		127,672	52,189
Leases		147,317	135,855
Loans and borrowings	8	24,878,510	30,647,296
TOTAL CURRENT LIABILITIES		27,848,070	32,267,138

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

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT
31 December 2022**

	NOTE	31 December 2022	30 June 2022
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	8	35,420,000	10,641,032
Leases		26,268	102,508
Deferred tax liabilities		-	74,541
TOTAL NON-CURRENT LIABILITIES		35,446,268	10,818,081
TOTAL LIABILITIES		63,294,338	43,085,219
NET ASSETS		10,654,802	8,835,787
EQUITY			
Issued capital	6	9,973,368	9,973,368
Retained earnings / (accumulated losses)		681,434	(1,137,581)
Total equity attributable to shareholders of the Company		10,654,802	8,835,787
Non-controlling interest		-	-
TOTAL EQUITY		10,654,802	8,835,787

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

FINEXIA FINANCIAL GROUP LIMITED
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR
THE HALF-YEAR ENDED 31 December 2022**

	NOTE	ISSUED CAPITAL	ACCUM- ULATED LOSSES	NON- CONTROLLING INTERESTS	TOTAL EQUITY
		\$	\$	\$	\$
BALANCE AT 1 JULY 2021		9,589,941	(4,428,023)	-	5,161,918
Profit attributable to members of the parent entity		-	3,290,442	-	3,290,442
<i>Total comprehensive income for the year, net of tax</i>		-	3,290,442	-	3,290,442
<i>Transactions with owners of the Company recognised directly in equity</i>					
Issue of shares		383,427	-	-	383,427
BALANCE AT 30 JUNE 2022		9,973,368	(1,137,581)	-	8,835,787
		ISSUED CAPITAL	ACCUM- ULATED LOSSES	NON- CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AT 1 JULY 2022		9,973,368	(1,137,581)	-	8,835,787
Total comprehensive income for the period, net of tax		-	1,819,015	-	1,819,015
<i>Transactions with owners of the company, recognised directly in equity</i>					
Issue of shares		-	-	-	-
BALANCE AT 31 DECEMBER 2022		9,973,368	681,434	-	10,654,802

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

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 December 2022**

	31 December 2022	30 December 2021
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	1,792,533	5,076,513
Payments to suppliers and employees	(1,296,812)	(2,268,834)
Interest income received	2,716,943	1,482,304
Dividends received	658,182	174,506
Advance of investment mortgage loans assets	(10,148,671)	(2,741,681)
Proceed of investment mortgage loans liabilities	30,098,750	2,493,215
Interest expenses paid	(1,935,872)	(1,069,032)
Income tax paid	-	(380,244)
Net cash used in operating activities	21,885,053	2,766,747
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for direct equity investments	(257,324)	(162,418)
Payments for other investments	(15,627,972)	(7,501,442)
Payments for subsidiary, net of cash acquired	-	-
Proceeds from sale of direct equity investments	2,593,953	290,420
Sale of controlled entity	-	-
Net cash used in investing activities	(13,291,343)	(7,373,440)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	-	383,427
Loans from third parties	-	7,563,174
Proceed from/(Repayment of) leases	(75,360)	-
Repayment of loans	(1,044,911)	(114,315)
Net cash from financing activities	(1,120,271)	7,832,286
Net increase in cash held	7,473,439	3,225,593
Cash at beginning of period	2,721,187	1,464,526
Cash and cash equivalents at end of period	10,194,626	4,690,119

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

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Finexia Financial Group Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily focused on providing financial services, predominantly in funds management and broker trading.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2022 are available upon request from the Company's registered office at Level 18, Australia Square Tower Building, 264 George Street, Sydney, NSW 2000 or at www.finexia.com.au.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These condensed consolidated interim financial statements do not include full disclosures of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial statements.

It is recommended that these condensed consolidated interim financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by Finexia Financial Group Limited during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

(B) ESTIMATES

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

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

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS

Financial assets held at period end include the following:

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$	\$
Current		
Cash and cash equivalents	10,194,626	2,721,187
Receivables	3,771,024	1,525,906
<i>Financial assets</i>		
- ASX listed equity securities (i) (ii)	184,081	338,225
- Listed equity securities portfolio (i) (ii)	449,362	2,688,258
- Investment in convertible notes (iii)	80,100	100
- Investment in Crypto Collective Fund	75,740	19,858
- Investment in Finexia Direct Accommodation Income Fund (iv)	23,326,739	7,834,310
	24,116,022	10,880,751
	31 December 2022	30 June 2022
	\$	\$
Non-current		
Trade and other receivables	40,000	40,000
Mortgage Assets	9,350,543	-
	9,390,543	40,000

(i) Classification of financial assets at fair value through profit or loss

The Group classifies its equity based financial assets at fair value through profit or loss if they are acquired principally for trading (i.e. selling in short-term). They are presented as current assets as they can be easily converted into cash in less than 12 months. The Group is an investment entity for the purpose of AASB 10 and therefore investments where the Group holds more than a 50% share of issued capital are not consolidated and are presented at fair value.

(ii) Amounts recognised in profit or loss

Changes in the fair values of financial assets at fair value have been recorded through profit or loss, representing a net loss of \$104,745 for the period (2022: net gain of \$80,811)

(iii) Investment in convertible notes

The Group holds converting notes in an unlisted company. These notes will convert to equity in the event of an IPO at the lower of either the IPO price or any previous capital raising price. At 31 December 2022, the investment is recorded at amortised cost.

(iv) Investment in Finexia Direct Accommodation Income Fund

The Group holds direct investment in Finexia Direct Accommodation Income Fund. The wholesale fund was launched on 9 August 2021 and is an investment that aims to offer to sophisticated investors direct exposure to a portfolio of accommodation businesses located in key Queensland markets. The fund has been returning to investors between 8% to 12% p.a. via a monthly cash distribution. The fair value of the investment is based on the unaudited positive net assets of the fund as at 31 December 2022.

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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 or indirectly.
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	\$	\$	\$	\$
December 2022				
Listed equity securities	184,081	-	-	184,081
International listed equities portfolio	449,362	-	-	449,362
Finexia Direct Accommodation Income Fund	-	23,326,739	-	23,326,739
Investment in unlisted entity	-	-	155,840	155,840
Fair value at 31 December 2022	633,443	23,326,739	155,840	24,116,022
June 2022				
Listed equity securities	338,225	-	-	338,225
International listed equities portfolio	2,688,258	-	-	2,688,258
Finexia Direct Accommodation Income Fund	-	7,834,310	-	7,834,310
Investment in unlisted entity	-	-	19,958	19,958
Fair value at 30 June 2022	3,026,483	7,834,310	19,958	10,880,751

- (i) The fair value of financial instruments traded in active markets (such as publicly traded equities and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last closing price or unit (acquisition) strike price.
- (ii) The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) There have been no transfers between the levels of the fair value hierarchy during the six (6) months to 31 December 2022.

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SHARE CAPITAL

	31 December 2022		CONSOLIDATED	
	No. of shares	\$	No. of shares	\$
(a) Ordinary shares fully paid	32,421,495	9,973,368	162,107,105	9,973,368
(b) Movement in ordinary shares on issue for the period	(129,685,610)	-	8,520,588	383,427

On 21 November 2022, the shareholders approved the resolution to consolidate the issued share capital of the Company at the ratio of 1 share to every 5 shares currently held.

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 – *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded that the Group operated in the financial services industry.

The following summary describes the operations in each of the Group’s reportable segments:

- *Finexia Securities* – includes brokerage and advisory services
- *Managed Funds* – includes distributions received from wholesale and retail funds under management.
- *Creative Capital* – includes trail and upfront commissions, establishment fees and interest income.

Although the Finexia Securities and Finexia Plus segments both contain brokerage services, these are monitored by the CODM separately in order to make decisions around the allocation of resources and assessing performance.

Information regarding the performance of each reportable segment is included below.

	Finexia Securities (Equity Capital Markets)		Managed Funds (Asset & Funds Management)		Creative Capital (Private Credit)		Unallocated		Consolidated	
	Dec 2022	Dec 2021	Dec 2022	Dec 2021	Dec 2022	Dec 2021	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Revenue from external customers	3,179,114	3,356,332	658,182	-	3,042,153	2,518,882	185,825	97,842	7,065,274	5,973,056
Results										
Reportable segment profit/(loss) before income tax	2,464,970	1,757,636	658,182	-	220,256	1,363,700	(898,863)	(246,931)	2,444,545	2,874,405
Income tax expense									<u>(625,530)</u>	<u>(307,753)</u>
Profit/(loss) from continuing operations									1,819,015	<u>2,566,652</u>

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. LOANS AND BORROWINGS

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$	\$
Current liabilities		
Unsecured loans from third parties ⁽¹⁾	-	45,000
Unsecured loans from banking institutions ⁽²⁾	45,775	45,686
Secured loans – Cash deposit agreement ⁽³⁾	5,063,174	16,063,174
Secured loans – mortgages ⁽⁴⁾	19,769,561	14,493,436
	24,878,510	30,647,296
Non-current liabilities		
Unsecured loans from banking institutions ⁽²⁾	-	42,071
Bank Guarantee	100,000	100,000
Secured loans – mortgages ⁽⁴⁾	35,320,000	10,498,961
	35,420,000	10,641,032

⁽¹⁾ The unsecured loans are from third parties and were consolidated with the Group on acquisition of Finexia Plus in June 2018. The loan has been paid in full in August 2022.

⁽²⁾ On 18 June 2020, the Company obtained a loan from National Australia Bank for \$200,000. The loan is unsecured for a term for three years at 4.50%.

⁽³⁾ The loans are from third parties and were used for the investments in Finexia Direct Accommodation Income Fund. The loans are secured against investments in the Fund.

⁽⁴⁾ Creative Capital Group provides finance solutions to various enterprises. The loan liabilities are matched against the loan assets and investments. Creative Capital receives various fees on establishment, net margin income and distributions on its investments. The interest rates are between 8% to 18% and the loans terms are between 12 to 24 months.

9. CONTINGENT LIABILITIES

(a) Contingencies

There were no contingent liabilities as at 31 December 2022 (31 December 2021: nil).

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 23 December 2022, the Company announced a proposed issue of securities to the market. The key statistics of the offer were published in the rights issue prospectus.

On 7 February 2023, Finexia announced the results of the Company's non-renounceable pro-rata rights issue of 1 new share for every 2 shares.

The Company advises that it has received acceptances from existing shareholders for 4,314,625 new shares raising a total of A\$1,294,387.50 before costs. The new shares were issued to investors on 14 February 2023.

Other than the above, there was no other matter or circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

FINEXIA FINANCIAL GROUP LIMITED DIRECTORS' DECLARATION

In the opinion of the directors of Finexia Financial Group Limited ("the Company")

The financial statements and notes, as set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*

including:

- a. Giving a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
- b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and;

There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



NEIL SHEATHER
DIRECTOR

27 February 2023

Independent Auditor's Report to the Members of Finexia Financial Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Finexia Financial Group Limited ("Company") and its subsidiaries ("Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Australian 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)* ("Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including, giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finexia Financial Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Mazars

MAZARS ASSURANCE PTY LIMITED
AUTHORISED AUDIT COMPANY: 338599



M. J. Green
Director

Brisbane, 27 February 2023