PACIFIC CURRENT GROUP

Tacoma // Denver // Sydney // Melbourne

26 February 2021

Company Announcements
For Immediate Release
ASX Code: PAC

APPENDIX 4D AND CONDENSED FINANCIAL REPORT FOR PACIFIC CURRENT GROUP LIMITED

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

1. Appendix 4D, the Half Year Report for the half year ended 31 December 2020; and
2. The Condensed Financial Report for the half year ended 31 December 2020.

Authorised for lodgement by the Pacific Current Group Limited Board.

ENDS.

CONTACT:

For Investor and Media enquiries:

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. Upon closing the investment in Astarte Capital Management LLP, Pacific Current Group will have investments in 15 boutique asset managers globally.

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

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

Current reporting period	- the half year ended 31 December 2020
Previous corresponding periods	- the half year ended 31 December 2019
	- the financial year ended 30 June 2020

2. Results for announcement to the market

Six-month period ended 31 December

		2020 $’000	2019 $’000	Increase /(Decrease) $’000	Increase /(Decrease) %
2.1	Revenue from ordinary activities	23,645	29,900	(6,255)	(20.92)
	Net profit/(loss) before tax	15,165	(13,342)	28,507	213.66
	Underlying net profit before tax	13,665	15,922	(2,257)	(14.18)
	Underlying net profit after tax	11,495	13,606	(2,111)	(15.51)
2.2	Net profit/(loss) from ordinary activities after tax attributable to members	11,625	(8,868)	20,493	231.09
	Underlying net profit (loss) from ordinary activities after tax attributable to members	11,578	13,365	(1,787)	(13.37)
2.3	Net profit/(loss) for the period attributable to members	11,625	(8,868)	20,493	231.09
	Underlying net profit (loss) for the period attributable to members	11,578	13,365	(1,787)	(13.37)

Underlying results are unaudited Non-IFRS measures. Refer to the attached Condensed Financial Report for the half year ended 31 December 2020 for details of these calculations.

		Amount per security (cents)	Franking %	Conduit foreign income per security
2.4	Dividends (distributions)			
	2021 Interim	10.0	100.0	Nil

2.5 Record date for determining entitlements to the dividend
5 March 2021

2.6 Commentary on "Results for Announcement to the Market"

A brief explanation of any figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Condensed Financial Report for the half year ended 31 December 2020.

3. Net tangible assets per security	**31 December 2020**	**30 June 2020**
Net tangible assets per security	$6.56	$6.84

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

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

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

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

Name of entity	**Date control lost**
Seizert Capital Partners, LLC	30 November 2020

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

Type	**Payment date**	**Amount per Security (cents)**	**Franked amount per security (%)**	**Conduit foreign income per security**
2020 Final	23 October 2020	25.0	100.0	Nil

6. Details of any dividend or distribution reinvestment plans

On 27 August 2020, the Board approved a Dividend Reinvestment Plan ("DRP") for the Company. The Company's DRP will apply to the interim dividend. The last election date for the DRP will be 8 March 2021.

7. Details of associates and joint venture entities

	Ownership % 31 December 2020	Ownership % 30 June 2020
Aether General Partners	25.00	25.00
Blackcrane Capital, LLC	25.00	25.00
Capital & Asset Management Group, LLP[1]	35.00	32.50
Independent Financial Planners Group, LLC	24.90	24.90
Northern Lights Alternative Advisors LLP	23.00	23.00
Roc Group	30.00	30.00
Victory Park Capital Advisors, LLC	24.90	24.90
Victory Park Capital GP Holdco, L.P.	24.90	24.90
Copper Funding, LLC	50.00	50.00
Pennybacker Capital Management, LLC	16.50	16.50

	31 December 2020 $'000	31 December 2019 $'000
PAC share of profits/(loss) of associates/joint venture	1,916	3,488

Notes:
1 - Capital & Asset Management Group, LLP made capital drawdowns during the period resulting to an increased interest from 32.5% to 35%.

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

Not applicable

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

This Half Year Report is based on the attached Condensed Financial Report for the half year ended 31 December 2020, which includes the Independent Auditor's Review Report. The Condensed Financial Report for the half year ended 31 December 2020 is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Pacific Current Group Limited
(ABN 39 006 708 792)

Condensed Financial Report
For the half-year ended 31 December 2020

Your Directors submit their Report for the half-year ended 31 December 2020.

DIRECTORS AND OFFICERS

The Directors and officers of Pacific Current Group Limited (the "Company" or "PAC") at the date of this report or at any time during the half-year ended 31 December 2020 were:

Name	Role	Date
Mr. Antony Robinson	Non-Executive Chairman	Appointed - 28 August 2015
Mr. Paul Greenwood	Executive Managing Director	Appointed - 10 December 2014
Mr. Peter Kennedy	Non-Executive Director	Appointed - 4 June 2003
Ms. Melda Donnelly	Non-Executive Director	Appointed - 28 March 2012
Mr. Gilles Guérin	Non-Executive Director	Appointed - 10 December 2014
Mr. Jeremiah Chafkin	Non-Executive Director	Appointed - 10 April 2019
Ms. Clare Craven	Company Secretary	Appointed - 26 December 2019

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

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

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

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Investment activities during the period

Restructuring of investments

On 31 December 2020, the Group and Northern Lights Alternative Advisors LLP ("NLAA") restructured the Group's investment from a share in profits structure to a revenue share effective as at 31 March 2020. The Group is entitled to USD200,000 annually and an additional amount equal to 10% of all distributable cash flow in excess of USD3,000,000 for each accounting period ended 31 March. The restructure did not change the existing accounting treatment of the investment as an associate since the Group still maintain significant influence over NLAA.

NLAA is a strategic partner and placement agent, based in London, England, focused on private equity and hedge funds. For the period ended 31 December 2020, the share from NLAA amounted to $484,000.

Additional contributions to existing asset managers

The Group made an additional total contribution of GBP500,000 ($903,000) to Capital & Asset Management Group, LLP ("CAMG") through capital drawdowns of GBP250,000 each made on 30 September 2020 and 16 December 2020. The Group was issued an additional interest of 2.5% for all the total drawdown resulting to an increased interest from 32.5% to 35%.

CAMG is a private infrastructure investment firm based in London, England and Washington, DC, USA. The existing accounting treatment of the investment as an associate did not change. For the period ended 31 December 2020, the share in net losses from CAMG amounted to $261,000.

On 30 December 2020, the Group and IFP Group, LLC ("IFP") agreed to terminate the credit facility and convert any outstanding balances to an Additional Operating Capital Contribution. The Group is entitled to a 13% annualised return to be collected upon IFP making an initial distribution. As at 30 December 2020, the total drawdowns amounted to USD558,000 ($723,000) and the related interest amounted to USD43,000 ($55,000).

IFP is a multi-custodial registered investment adviser focused on delivering personalised, concierge-level service to advisors in the USA specialising in wealth management and retirement plan consulting.

Disposal of investments

On 30 November 2020, the Group completed the sale of all its economic interest in Seizert Capital Partners, LLC ("Seizert") to the current Seizert management team. On 30 November 2020, the assets and liabilities of Seizert including the other identifiable intangibles held in Seizert were derecognised and the proceeds amounting to USD5,000,000 ($6,800,000) before tax was received. The results of operations of Seizert from 1 July 2020 to 30 November 2020 were included in the consolidated financial statements. The sale of the Group's investment in Seizert resulted to a loss of $2,250,000.

Acquisition of a new investment subject to regulatory approval

On 24 December 2020, the Group entered into an agreement to purchase a minority interest In Astarte Capital Management, LLP ("Astarte"). Completion of the investment is subject to a regulatory approval in the United Kingdom which is expected to be subsequently received. If the acquisition is approved, the Group is committed to invest up to GBP4,400,000 ($7,799,000) to buy-out non-management shareholders and to provide operating capital to Astarte. Approximately 35% of the consideration may be deferred until July 2021. In exchange for this investment, the Group will be entitled to 40% of Astarte's net income.

Astarte, founded in 2015, is an investment manager, based in London, England, focused on private markets real asset strategies. Astarte's business model is distinctive in that it provides anchor/seed capital, working capital, and fundraising support to operating experts and emerging investment managers to support their growth.

Financing activities during the period

On 27 August 2020, the Board approved a Dividend Reinvestment Plan ("DRP") for the Company.

On 31 August 2020, the Company declared a fully franked final dividend of 25 cents per share in respect of the 2020 financial year. The total amount of the dividend was $12,427,000. The final dividend for the 2020 financial year was eligible for the DRP. Shares issued under the DRP were subject to a 5% discount to the average daily Volume Weighted Average Price ("VWAP") calculated over a 10-day period commencing on the third trading day following the record date, being 18 September 2020.

On 22 September 2020, the Company entered into an underwriting agreement to underwrite up to 50% of the offer of ordinary shares ("Shares") in the Company made to its Shareholders under the DRP for the final dividend declared in respect to the 2020 financial year

On 23 October 2020, the Company issued 745,889 new fully paid ordinary shares at an issue price of $5.60 each to shareholders who reinvested their dividend entitlement in accordance with the DRP. In addition, the Company issued 363,595 new fully paid ordinary shares at an issue price of $5.60 per share under the partially underwritten DRP. Total dividends reinvested and proceeds from the new share issue amounted to $6,213,000 before issue costs.

Funds under management ("FUM")

As at 31 December 2020, the FUM of the Group's boutiques was $112,809,810,000 (30 June 2020: $93,320,896,000).

The net increase in FUM was due to positive net inflows and market performance from the asset managers particularly GQG Partners, LLC ("GQG"), Roc Group and Victory Park Capital Advisors, LLC ("VPC") reduced by the disposal of Seizert.

Boutique	Total FUM as at 30 June 2020 $'000	Net Flows $'000	Other[1] $'000	Foreign Exchange Movement[2] $'000	Total FUM as at 31 December 2020 $'000
Tier 1	79,457,730	17,737,080	13,933,975	(10,411,570)	100,717,215
Tier 2	13,863,166	351,933	(1,479,275)	(643,229)	12,092,595
Total Boutiques	**93,320,896**	**18,089,013**	**12,454,700**	**(11,054,799)**	**112,809,810**
Open-end[3]	72,280,876	17,137,591	11,929,954	(9,464,279)	91,884,142
Closed-end[3]	21,040,020	951,422	524,746	(1,590,520)	20,925,668
Total	**93,320,896**	**18,089,013**	**12,454,700**	**(11,054,799)**	**112,809,810**

Notes:
[1] Other includes investment performance, market movement, distributions and sale of the Group's holdings in Seizert.
[2] The Australian dollar ("AUD") improved against the USA dollar ("USD") during the period. The AUD/USD was 0.7708 as at 31 December 2020 compared to 0.6890 as at 30 June 2020. The Net Flows and Other items are calculated using the average rates.
[3] Certain adjustments have been made to previously reported figures for presentation purposes.

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

- the fee structures of each boutique;
- the Group's ownership interest in the boutique; and
- the specific economic features of each relationship between the Group and the boutique.

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

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

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

FINANCIAL REVIEW

Operating results for the year

Underlying net profit after tax ("NPAT") attributable to members of the Company

The Group generated a net profit before tax ("NPBT") of $15,165,000 for the half-year ended 31 December 2020 (31 December 2019: net loss before tax ("NLBT") of $13,342,000); an increase of 214%. This result, however, has been significantly impacted by non-cash, non-recurring and/or infrequent items. Normalising this result for the impact of these non-cash, non-recurring and/or infrequent items results in underlying NPAT to members of the Company of $11,578,000 (31 December 2019: $13,365,000), a decrease of 13%.

	31 December 2020 $'000	31 December 2019 $'000
Reported NPBT/(NLBT)	15,165	(13,342)
Non-cash items		
- Amortisation of identifiable intangible assets[1]	3,008	2,865
- Fair value adjustments of financial assets at FVTPL	(7,717)	(12,395)
- Fair value adjustments of financial liabilities at FVTPL	126	667
- Impairment of investments[2]	–	31,835
- Share-based payment expenses	300	476
	(4,283)	23,448
Non-recurring/unusual items		
- Loss on sale of a subsidiary	2,250	–
- Legal, consulting expenses, deal costs and break fee costs[3]	590	2,307
- Provision for estimated liability for Nereus	–	2,317
- Net foreign exchange (gain)/loss	(57)	1,192
	2,783	5,816
Underlying NPBT	13,665	15,922
Income tax expense[4]	(2,170)	(2,316)
Underlying NPAT	11,495	13,606
Less: share of non-controlling interests	83	(241)
Underlying NPAT attributable to members of the Company	11,578	13,365

Notes:

[1] The amortisation of identifiable intangible assets included the amortisation of intangible assets of the associates amounting to $1,646,000 (31 December 2019: $1,075,000). The amortisation is recorded as an offset to the share in net profit of the associates.

[2] There were no impairment charges during the period (31 December 2019: Impairments were related to impairment of investment in associates and goodwill from subsidiaries excluding the impairment of capital contributions to Nereus amounting to $256,000).

[3] These were costs incurred in relation to the derivative action against several of the Group's current and former directors, deal costs on the acquisitions of investments and in prior year included expenses incurred for unsuccessful divestments.

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

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

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

Cash flows

Set out below is a summary of the cash flows for the half-year ended 31 December 2020.

	31 December 2020 $'000	31 December 2019 $'000
Cash provided by operating activities	12,896	9,371
Cash provided/(used in) by investing activities	2,038	(62,888)
Cash (used in) financing activities	(7,410)	(13,724)
Net increase/(decrease) in cash and cash equivalents	7,524	(67,241)

Operating activities

Cash flows from operations have increased from a net inflow of $9,371,000 for the half-year ended 31 December 2019 to net inflow of $12,896,000 for the half-year ended 31 December 2020. This was mainly attributable to the increase in dividends and distributions received from $12,483,000 in the prior period to $15,761,000 for this period and a reduction of income tax paid from $2,858,000 in the prior period to $1,017,000 for this period.

Investing activities

Cash flows from investing activities have increased from a net outflow of $62,888,000 in the half-year ended 31 December 2019 to net inflow of $2,038,000 in the half-year ended 31 December 2020. This was primarily attributable to the proceeds from the disposal of Seizert ($6,800,000) and offset by the cash held by Seizert at disposal ($4,529,000). In the prior period, this was primarily attributable to the acquisitions of Proterra Investment Partners, LP ("Proterra") ($30,283,000); Pennybacker Capital Management, LLC ("Pennybacker") ($29,002,000); additional contributions to associates (CAMG and Roc Group) for ($7,744,000) and net of collections of other financial assets ($5,527,000).

Financing activities

Cash flows used in financing activities decreased from $13,724,000 for the half-year ended 31 December 2019 to $7,410,000 for the half-year ended 31 December 2020. This was primarily due to payment of dividends of $8,250,000 excluding the dividends reinvested totalling to $4,177,000 under the DRP (31 December 2019: $7,146,000). In addition, the Group has no financial liabilities paid during the period compared to the prior period repayment of the earn-out liability of $9,800,000 and full repayment of Seizert notes payable of $7,335,000.

This was offset by the net proceeds from the issue of the Company's ordinary shares which amounted to $1,974,000 after issue costs (31 December 2019: $11,993,000). For the half-year ended 31 December 2020, the issuance of the ordinary shares was completed on 23 October 2020 under the underwriting deed relating to the DRP with 363,595 new fully paid ordinary shares at $5.60 per share. The new shares rank equally with existing shares and are entitled to the interim dividend for 2021. For the half-year ended 31 December 2019, the issuance of the ordinary shares was completed on 9 December 2019 by a fully underwritten institutional placement with 2,066,116 new fully paid ordinary shares being issued at an issue price of $6.05 per share.

Normalised Cash Flow from Operations

	31 December 2020 $'000	31 December 2019 $'000
Unaudited underlying NPBT	**13,665**	**15,922**
Non-cash/cash items		
- Dividends and distributions income	(11,093)	(10,253)
- Share of profits of associates	(3,562)	(4,564)
- Dividends and distributions received	15,761	12,483
- Net interest income	(90)	(42)
- Net interest received/(paid)	51	(145)
- Depreciation and amortisation	475	528
- Increase/decrease in assets and liabilities	566	1,052
	2,108	(941)
Unaudited underlying pre-tax cash from operations	**15,773**	**14,981**
Non-recurring/infrequent items		
- Legal, consulting expenses, deal costs and break fee costs	(590)	(2,307)
- Net foreign exchange loss	(1,270)	(445)
	(1,860)	(2,752)
Pre-tax cash from operations	**13,913**	**12,229**
Income tax paid	(1,017)	(2,858)
Cash provided by operating activities	**12,896**	**9,371**

Earnings/(loss) per share

Set out below is a summary of the earnings/(loss) per share for the half-year to 31 December 2020.

	31 December 2020	31 December 2019
Reported NPAT/net loss after tax ("NLAT") attributable to the members of the Company ($'000)	11,625	(8,868)
Unaudited underlying NPAT attributable to the members of the Company ($'000)	11,578	13,365
Weighted average number of ordinary shares on issue (Number)	50,124,540	47,766,900
Basic earnings/(loss) per share (cents)	23.19	(18.57)
Unaudited underlying earnings per share (cents)	23.10	27.97

Dividends

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

	Cents per Share	Total Amount $'000	Franked at 30%	Date of Payment
Declared and paid during the period:				
- Final for 2020 on ordinary shares	25.00	12,427	100%	23 October 2020
Declared after the end of the period:				
- Interim for 2021 on ordinary shares	10.00	5,082	100%	15 April 2021

On 31 August 2020, the Directors of the Company declared a final fully franked dividend of 25 cents per share. The final dividend for 2020 financial year was subjected to the DRP established on 27 August 2020. The total dividends included reinvested amount of $4,177,000 with equivalent number of shares of 745,889.

On 26 February 2021, the Directors of the Company declared an interim fully franked dividend of 10 cents per share (28 February 2020: 10 cents per share). The interim dividend for 2021 financial year will be subject to the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2020 half-year consolidated financial statements.

Financial position

Set out below is a summary of the financial position as at 31 December 2020.

	31 December 2020 $'000	30 June 2020 $'000
Cash and cash equivalents	26,082	20,154
Other current assets	20,444	21,705
Non-current assets	387,294	397,938
Current liabilities	(16,093)	(19,313)
Non-current liabilities	(31,742)	(17,925)
Non-controlling interest	(348)	(543)
Net Assets	385,637	402,016

The remainder of the cash and cash equivalents as at 31 December 2020 provided the Group liquidity and flexibility to fund future acquisition of new businesses.

IMPACT OF COVID-19 TO THE GROUP FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The COVID-19 pandemic continues to have an impact on global economies and financial markets. The Group's financial results for the first half of FY21 have been impacted by COVID-19, but this has been mitigated due to the Group's strategy to enhance the resilience of the Group's earnings by diversifying into investments that are less susceptible to capital markets volatility and have a low correlation to other assets in the Group's portfolio.

The Group's assessment of the ongoing impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities. Valuations included in the financial report such as fair value assets, goodwill, other identifiable intangibles, investments in associates and joint venture and financial liabilities are based on the information available and relevant as at the date of this report. As market conditions are changing daily, changes to the estimates and outcomes that have been applied in the measurement of these assets and liabilities may arise in the future.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented to control it. Given the dynamic nature of these circumstances and the significant uncertainty, the related impact on the Group's future operating results, cash flows and financial condition cannot currently be reasonably estimated.

OTHER MATTERS

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by certain shareholders seeking leave of the court to commence a derivative action on behalf of the Company against several of its current and former Directors for damages arising out of the 2014 merger between the Company and the Northern Lights Capital Group, LLC. On 23 September 2019, the Company received a draft statement claim in relation to the derivative action.

On 20 February 2020, the certain shareholders received leave of the Federal Court of Australia under section 237 of the *Corporations Act 2001 (Cth)* to bring proceedings and file the statement of claim on behalf of the Company, against individuals who, in 2014, were Directors of the Company (previously known as Treasury Group Limited) prior to its business combination with Northern Lights Capital Partners, LLC ("Defendants"). The effect is that the Company is the named plaintiff in proceedings brought in the Federal Court of Australia against the Defendants. IMF Bentham (Fund 5) (the "Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the Defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the Defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share. The Company has made claims against its relevant insurance policies in relation to these matters on behalf of its current Directors.

AUDITOR INDEPENDENCE

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

ROUNDING OF AMOUNTS

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

LIKELY DEVELOPMENTS

The Group will continue to operate in accordance with its investment objectives and strategy as defined in the Nature of Operations and Principal Activities.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

On 26 February 2021, the Directors of the Company declared an interim dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $5,082,000 which represents a fully franked dividend of 10 cents per share. The interim dividend for 2021 financial year will be subject to the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2020 half-year consolidated financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect either the operations or the state of affairs of the Group.

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

On behalf on the Directors

Antony Robinson
Chairman

26 February 2021

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Australia

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The Board of Directors
Pacific Current Group Limited
Level 29, 259 George St
SYDNEY NSW 2000

26 February 2021

Dear Board Members

Auditor's Independence Declaration to Pacific Current Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pacific Current Group Limited.

As lead audit partner for the review of the half year financial report of Pacific Current Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants

	Note	31 December 2020 $'000	31 December 2019 $'000
Revenue	1	**12,398**	**18,483**
Other income, net gains/(losses) on financial instruments			
Distributions and dividend income	2	11,093	10,253
Sundry income	2	154	1,164
Loss on sale of investments	2	(2,250)	–
Net change in fair values of financial assets and liabilities	2	7,591	11,728
		16,588	**23,145**
Expenses			
Salaries and employee benefits	3	(8,767)	(11,298)
Impairment expense	3	–	(32,091)
Administration and general expenses	3	(5,070)	(12,415)
Depreciation and amortisation expense	3	(1,837)	(2,318)
Interest expense	3	(63)	(336)
		(15,737)	**(58,458)**
Share of net profits of associates and joint venture accounted for using the equity method	19	1,916	3,488
Profit/(loss) before income tax (expense)/benefit		**15,165**	**(13,342)**
Income tax (expense)/benefit	4	(3,623)	4,715
Profit/(loss) for the period		**11,542**	**(8,627)**
Attributable to:			
The members of the Company		11,625	(8,868)
Non-controlling interests		(83)	241
		11,542	**(8,627)**
Earnings/(loss) per share attributable to members of the Company (cents per share):			
- Basic	6	23.19	(18.57)
- Diluted	6	23.19	(18.57)
Franked dividends paid per share (cents per share) for the period	14	25.00	15.00

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

	Note	31 December 2020 $'000	31 December 2019 $'000
Profit/(loss) for the period		**11,542**	**(8,627)**
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets, net of income tax	13	21,103	3,304
Reversal of the net fair value gain on financial assets at FVTOCI derecognised during the period	13	–	(789)
Foreign currency movement of investment revaluation reserve	13	(8,519)	(133)
		12,584	2,382
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	13	(34,006)	1,032
Other comprehensive (loss)/income for the period		**(21,422)**	**3,414**
Total comprehensive loss		**(9,880)**	**(5,213)**
Attributable to:			
The members of the Company		(9,793)	(5,536)
Non-controlling interests		(87)	323
		(9,880)	**(5,213)**

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

	Note	31 December 2020 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalents		26,082	20,154
Trade and other receivables, net of expected credit losses	8	7,473	14,837
Other financial assets	9	2,040	2,248
Current tax assets	4	10,162	2,792
Other assets		769	1,828
Total current assets		**46,526**	**41,859**
Non-current assets			
Trade and other receivables	8	552	283
Other financial assets, net of expected credit losses	9	209,950	197,986
Plant and equipment		643	932
Right-of-use assets		757	2,096
Intangible assets	18	52,530	62,732
Investments in associates and a joint venture	19	122,580	133,606
Other assets		282	303
Total non-current assets		**387,294**	**397,938**
Total assets		**433,820**	**439,797**
Current liabilities			
Trade and other payables		4,166	5,785
Provisions	10	10,731	12,028
Lease liabilities		558	888
Current tax liabilities	4	638	612
Total current liabilities		**16,093**	**19,313**
Non-current liabilities			
Provisions	10	186	181
Financial liabilities	11	8,584	9,443
Lease liabilities		476	1,658
Deferred tax liabilities	4	22,496	6,643
Total non-current liabilities		**31,742**	**17,925**
Total liabilities		**47,835**	**37,238**
Net assets		**385,985**	**402,559**
Equity			
Share capital	12	184,594	178,424
Reserves	13	104,873	126,620
Retained earnings		96,170	96,972
Total equity attributable to members of the Company		385,637	402,016
Non-controlling interests		348	543
Total equity		**385,985**	**402,559**

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

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2020	**178,424**	**126,620**	**96,972**	**543**	**402,559**
Profit/(loss) for the period	–	–	**11,625**	**(83)**	**11,542**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve (net of income tax)	–	12,584	–	–	12,584
(ii) Net movement in foreign currency translation reserve	–	(34,002)	–	(4)	(34,006)
Total comprehensive (loss)/income for the period	**–**	**(21,418)**	**11,625**	**(87)**	**(9,880)**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue cost and income tax (Note 12)	6,170	–	–	–	6,170
(ii) Dividends paid (Note 14)	–	–	(12,427)	(108)	(12,535)
(iii) Share-based payments	–	300	–	–	300
(iv) Shares bought on market to settle performance rights vested	–	(629)	–	–	(629)
Total transactions with members in their capacity as members	**6,170**	**(329)**	**(12,427)**	**(108)**	**(6,694)**
Balance as at 31 December 2020	**184,594**	**104,873**	**96,170**	**348**	**385,985**
Balance as at 1 July 2019	**166,279**	**90,934**	**125,781**	**537**	**383,531**
(Loss)/profit for the period	**–**	**–**	**(8,868)**	**241**	**(8,627)**
Other comprehensive income:					
(i) Net movement in investment revaluation reserve (net of income tax)	–	2,382	789	–	**3,171**
(ii) Net movement in foreign currency translation reserve	–	950	–	82	**1,032**
Total comprehensive (loss)/income for the period	**–**	**3,332**	**(8,079)**	**323**	**(4,424)**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue cost (Note 12)	12,145	–	–	–	12,145
(ii) Dividends paid (Note 14)	–	**–**	(7,146)	(415)	(7,561)
(iii) Share-based payments	–	476	–	**–**	476
(iv) Shares bought on market to settle performance rights vested	–	(890)	–	–	(890)
Total transactions with members in their capacity as members	**12,145**	**(414)**	**(7,146)**	**(415)**	**4,170**
Balance as at 31 December 2019	**178,424**	**93,852**	**110,556**	**445**	**383,277**

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

	Note	31 December 2020 $'000	31 December 2019 $'000
Cash flow from operating activities			
Receipts from customers		13,415	18,588
Payments to suppliers and employees		(15,320)	(18,697)
Dividends and distributions received		15,761	12,483
Interest received		118	522
Interest paid		(61)	(667)
Income tax paid		(1,017)	(2,858)
Net cash provided by operating activities	7	**12,896**	**9,371**
Cash flow from investing activities			
Collections from financial assets at amortised cost		416	5,527
Collections of financial assets at fair value through profit or loss ("FVTPL")		591	673
Loans provided to associates		(298)	(1,300)
Capital contributions to Nereus Holdings, LP		–	(256)
Payments for the purchase of financial assets at FVTPL		–	(30,283)
Additional contributions to financial assets at fair value through other comprehensive income ("FVTOCI")		–	(854)
Proceeds from sale of a subsidiary		6,800	–
Cash held by deconsolidated subsidiary		(4,529)	–
Proceeds from sale of associates		–	459
Additional contributions to associates		(935)	(7,819)
Payments for the purchase of a joint venture		–	(29,017)
Payment for the purchase of plant and equipment		(7)	(18)
Net cash provided by/(used in) investing activities		**2,038**	**(62,888)**
Cash flow from financing activities			
Proceeds from issuance of shares, net of transaction costs		1,974	11,993
Repayments of financial liabilities		–	(17,135)
Repayments of principal portion of lease liabilities		(398)	(387)
Dividends paid		(8,250)	(7,146)
Dividends paid to non-controlling interest in a subsidiary		(108)	(415)
Payments for the purchase of shares to settle shared-based payments		(628)	(634)
Net cash (used in) financing activities		**(7,410)**	**(13,724)**
Net increase/(decrease) in cash and cash equivalents held		**7,524**	**(67,241)**
Cash at beginning of the period		20,154	80,232
Unrealised foreign exchange difference in cash		(1,596)	–
Cash at end of the period		**26,082**	**12,991**
Non-cash investing and financing activities			
Investing activities	7	–	(2,849)
Financing activities	7	–	2,844

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

Index to the Notes to the Condensed Financial Statements

A. BASIS OF PREPARATION

This condensed financial report for the Company and the consolidated entities (the "Group") for the half-year ended 31 December 2020, was authorised for issue in accordance with a resolution of the Directors on 26 February 2021.

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

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2020. It should also be considered together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the ASX Listing Rules.

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

The Company is a company limited by shares incorporated and domiciled in Australia. Its shares are listed for trading on the ASX with a ticker code PAC. It is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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

a. Historical cost convention

The condensed financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies in most recent annual financial report.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

b. Foreign currency translations and balances

Functional and presentation currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which that entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the condensed consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Translation of foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

For the purpose of presenting the transactions disclosed in the condensed notes to the financial statements, these transactions are translated into Australian dollar using the exchange rates prevailing at the date of transaction. For other amounts disclosed at the end of the reporting period, these amounts are translated into Australian dollar using the exchange rates prevailing at the end of the reporting period.

c. Going concern

This condensed financial report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable. The Group also assessed the impact of COVID-19 in its ability to continue as a going concern. The Group prepared cash flow forecast analysis using base-case and a worse-case scenario. Under these scenarios, the Group can continue as a going concern and will still be able to meet its debts as and when they become due and payable.

d. Comparatives

The accounting policies adopted by the Group in the preparation and presentation of the condensed financial statements are consistent with the annual financial report for the year ended 30 June 2020. Where necessary, comparative information has been reclassified, repositioned and restated for consistency with current period disclosures.

e. Critical accounting estimates, judgments, and assumptions

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

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

- Revenue recognition of performance fees (carried interest) - refer to Note 1b;
- Income tax, tax basis for USA investments and recovery of deferred tax assets - refer to Note 4b;
- Impairment of trade and other receivables – refer to Note 8b;
- Valuation of financial assets at fair value and impairment of financial assets at amortised cost - refer to Note 9b and Note 15;
- Provision for estimated liability to Hareon – refer to Note 10b;
- Valuation of financial liabilities at fair value - refer to Note 11b;
- Impairment of goodwill and other identifiable intangible assets - refer to Note 18b;
- Impairment of investments in associates - refer to Note 19c; and
- Share-based payment transactions - refer to Note 20b.

f. Coronavirus disease ("COVID-19") impact

The COVID-19 pandemic continues to have an impact on global economies and financial markets. The Group's financial results for the first half of FY21 have been impacted by COVID-19, but this has been mitigated due to the Group's strategy to enhance the resilience of the Group's earnings by diversifying into investments that are less susceptible to capital markets volatility and have a low correlation to other assets in the Group's portfolio.

The Group's assessment of the ongoing impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities. Valuations included in the financial report such as fair value assets, goodwill, other identifiable intangibles, investments in associates and joint venture and financial liabilities are based on the information available and relevant as at the date of this report. As market conditions are changing daily, changes to the estimates and outcomes that have been applied in the measurement of these assets and liabilities may arise in the future.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented to control it. Given the dynamic nature of these circumstances and the significant uncertainty, the related impact on the Group's future operating results, cash flows and financial condition cannot currently be reasonably estimated.

Considerations applied:

Consistent with the approach and processes applied in the preparation of the annual report for the year ended 30 June 2020, management had considered the following:

- Re-assessed the impact of COVID-19 on the long term forecasts of the Group's portfolio companies and updating its economic outlook primarily on inputs into the impairment and fair value analysis of the Group's assets and liabilities including disclosures such as fair value disclosures of financial assets and liabilities;
- Re-assessed the impact of COVID-19 on the long-term forecasts that may impact the recoverability of the Group's deferred tax assets;
- Reviewed whether there were any additional areas of estimation, judgement, or assumptions in addition to what have been disclosed in section A(e) above;
- Re-evaluated trade and other receivables and financial assets at amortised cost for collectability and expected credit losses;
- Reconsidered the impact of COVID-19 to the Company as a going concern (refer to Section A(c)) above; and
- Reconsidered the impact of COVID-19 on the Group's financial statements disclosures.

g. Rounding of amounts

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

B. GROUP RESULTS FOR THE PERIOD

This section provides information regarding the results and performance of the Group during the period, including note disclosures on revenue, other income, (loss)/gain on sale of investments and changes in fair values of financial assets and liabilities, expenses, income tax, segment information, earnings per share and reconciliation of cashflows.

1. Revenue

a. Analysis of balance

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

	31 December 2020 $'000	31 December 2019 $'000
Timing of revenue recognition		
Over time		
- Fund management fees	10,931	15,981
- Performance fees	–	318
- Commission revenue	1,377	1,974
- Retainer revenue	69	160
- Service fees	–	15
	12,377	18,448
At a point in time		
- Sundry revenue	21	35
Total revenue	**12,398**	**18,483**

b. Key estimates, judgments, and assumptions

Revenue recognition of performance fees

Performance fees are only recognised every end of the financial year of the controlled entity when the performance fees are realised and no significant reversal will occur.

2. Other income, gains on sale of investments and changes in fair values of financial assets and liabilities

Analysis of balances

	31 December 2020 $'000	31 December 2019 $'000
Distributions and dividend income:		
- Financial assets at FVTPL	6,235	6,688
- Financial assets at FVTOCI	4,858	3,565
	11,093	**10,253**
Sundry income:		
Interest income:		
- Other persons/corporations	101	349
- Related party	53	29
	154	378
Other sundry income	–	786
Total sundry income	**154**	**1,164**
Loss on sale of investments:		
Loss on sale of a subsidiary	(2,250)	–
Total (loss) on sale of investments	**(2,250)**	**–**
Changes in fair values of financial assets and liabilities:		
Financial assets through profit or loss	7,717	12,395
Financial liabilities through profit or loss	(126)	(667)
Total changes in fair values of financial assets and liabilities through profit or loss	**7,591**	**11,728**

3. Expenses

Analysis of balances

	31 December 2020 $'000	31 December 2019 $'000
Salaries and employee benefits:		
- Salaries and employee benefits	8,467	10,822
- Share-based payment expense	300	476
Total salaries and employee benefits	**8,767**	**11,298**
Impairment expenses:		
- Impairment of capital contributions:		
- Nereus Holdings, L.P.	–	256
- Impairment of investment in associates (Note 19):		
- Freehold Investment Management Limited ("FIM")	–	115
- Victory Park Capital Advisors, LLC ("VPC")	–	14,007
	–	14,122
- Impairment of intangible assets in a subsidiary (Note 18):		
- Seizert Capital Partners, LLC ("Seizert")	–	17,713
	–	17,713
Total impairment expenses	**–**	**32,091**
Administration and general expenses:		
- Accounting and audit fees	1,075	1,017
- Commission and marketing expenses	192	999
- Computer and software maintenance expenses	465	474
- Deal costs	590	764
- Directors' fees	323	322
- Insurance expenses	632	716
- Lease expenses	112	130
- Legal, compliance and professional fees	663	2,311
- Net foreign exchange loss	216	1,192
- Provision for estimated liability to Hareon Solar Singapore Pte Ltd (Note 10)	–	2,317
- Share registry and regulatory fees	118	130
- Taxes and license fees	313	494
- Travel and accommodation costs	(7)	607
- Other general expenses	378	942
Total administration and general expenses	**5,070**	**12,415**

	31 December 2020 $'000	31 December 2019 $'000
Depreciation and amortisation expenses:		
- Depreciation of plant and equipment	160	181
- Amortisation of management rights	1,362	1,790
- Amortisation of right of-use-assets	315	347
Total depreciation and amortisation expenses	**1,837**	**2,318**
Interest expense:		
- Lease liabilities	63	92
- Notes payable - Seizert	–	244
Total interest expenses	**63**	**336**
Total expenses	**15,737**	**58,458**

	31 December 2020 $'000	31 December 2019 $'000

4. Income tax

a. Analysis of balances

Income tax expense/(benefit)

	31 December 2020 $'000	31 December 2019 $'000
Total income tax expense/(benefit) recognised in profit or loss	**3,623**	**(4,715)**

	31 December 2020 $'000	30 June 2020 $'000
Current tax assets		
Income tax receivable[1]	**10,162**	**2,792**
Current tax liabilities		
Provision for income tax[2]	**638**	**612**
Non-current liabilities – net deferred tax liabilities		
Components of net deferred tax liabilities:		
- Liabilities	27,164	10,841
- Assets	(4,668)	(4,198)
Net deferred tax liabilities	**22,496**	**6,643**

Notes:
[1] This is the estimated income receivable of $797,000 in Australia and $9,365,000 in the USA (30 June 2020: USA).
[2] This is the estimated income tax liability in the UK (30 June 2020: UK).

b. Key estimates, judgments, and assumptions

(i) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are a number of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may differ from the taxation authorities' view. The Group recognises the impact of the anticipated tax liabilities based on the Group's current understanding of the tax laws. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Tax basis for USA investments

The Group determines its tax obligation in the event of liquidation and/or disposal of its USA investments. This is calculated by determining the tax basis and tax basis adjustments as permitted under the USA Internal Revenue Code. The tax basis adjustments involved an estimation of the additional tax basis specific to the USA investments.

The tax calculated at the Group level is also dependent on the notification of allocated taxable income by the USA investments that are deemed as partnerships in the USA. The amount of taxable income allocated from such partnerships to the Group may be subject to judgement and hence be amended in future periods.

(iii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences.

(iv) Tax losses not recognised

A deferred tax asset in relation to tax losses is regarded as recoverable and therefore recognised only when, on the basis of available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover the losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets in relation to tax losses in Australia and the UK have not been recognised on the basis that there remains uncertainty regarding the timing and quantum of the generation of taxable profits.

c. Uncertainty over income tax treatments

The tax calculated at the Group level is dependent on the notification of allocated taxable income by investments in the USA deemed as pass-through vehicles for tax purposes. The amount of taxable income allocated from such partnerships to the Group may be subject to judgement and hence be amended in future periods.

Other than the above, the Group's income taxes provision does not currently include any tax treatments for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under law.

5. Segment information

a. Reportable segments

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

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

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

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

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

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

	31 December 2020 Segment Category	30 June 2020 Segment Category
Aether Investment Partners, LLC ("Aether") and Aether General Partners	Tier 1	Tier 1
Blackcrane Capital, LLC ("Blackcrane")	Tier 2	Tier 2
Capital & Asset Management Group, LLP	Tier 2	Tier 2
Carlisle Management Company S.C.A. ("Carlisle")	Tier 1	Tier 1
EAM Global Investors, LLC ("EAM Global")	Tier 2	Tier 2
GQG Partners, LP	Tier 1	Tier 1
IFP Group, LLC	Tier 2	Tier 2
Nereus Capital Investments (Singapore) Pte Ltd	Tier 2	Tier 2
Nereus Holdings, L.P.	Tier 2	Tier 2
Northern Lights Alternative Advisors, LLP	Tier 2	Tier 2
Pennybacker Capital Management, LLC	Tier 2	Tier 2
Proterra Investment Partners, LP	Tier 1	Tier 1
Roc Group	Tier 2	Tier 2
Strategic Capital Investors, LLP	Tier 2	Tier 2
Victory Park Capital Advisors, LLC	Tier 1	Tier 1
Victory Park Capital GP Holdco, L.P. ("VPC-Holdco")	Tier 1	Tier 1

	31 December 2020 Segment Category	30 June 2020 Segment Category
Disposed during the period/prior period		
AlphaShares, LLC	–	Tier 2
Freehold Investment Management Limited	–	Tier 2
Seizert Capital Partners, LLC	Tier 2	Tier 2

b. Analysis of balances

(i) Segment revenues and results

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

	Segment revenue		Share of net profits of associates		Segment profit/(loss) for the period	
	31 December 2020 $'000	31 December 2019 $'000	31 December 2020 $'000	31 December 2019 $'000	31 December 2020 $'000	31 December 2019 $'000
Tier 1 boutiques	8,169	10,231	1,742	3,407	23,655	13,229
Tier 2 boutiques	4,221	8,243	174	81	1,250	(18,513)
	12,390	18,474	1,916	3,488	24,905	(5,284)
Central administration	8	9	–	–	(13,363)	(3,343)
Total per consolidated statement of profit or loss	**12,398**	**18,483**	**1,916**	**3,488**	**11,542**	**(8,627)**

The following details segment revenue:

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administra-tion $'000	Total $'000
31 December 2020				
Over time				
- Fund management fees	6,965	3,965	–	10,930
- Performance fees	–	–	–	–
- Commission revenue	1,204	166	8	1,378
- Retainer revenue	–	69	–	69
- Service fees	–	–	–	–
	8,169	4,200	8	12,377
At a point in time				
- Sundry revenue	–	21	–	21
	8,169	**4,221**	**8**	**12,398**

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administra-tion $'000	Total $'000
31 December 2019				
Over time				
- Fund management fees	8,589	7,392	–	15,981
- Performance fees	–	318	–	318
- Commission revenue	1,555	410	9	1,974
- Retainer revenue	87	73	–	160
- Service fees	–	15	–	15
	10,231	8,208	9	18,448
At a point in time				
- Sundry revenue	–	35	–	35
	10,231	**8,243**	**9**	**18,483**

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

	31 December 2020 $'000	31 December 2019 $'000
Revenue	8	9
Other income	101	389
Loss on sale of investments[1]	(2,250)	–
Changes in fair values of financial assets and liabilities	81	(66)
	(2,060)	332
Salaries and employee benefits	(3,994)	(2,377)
Administration and general expenses	(3,344)	(5,639)
Depreciation and amortisation expenses	(317)	(336)
Interest expense	(25)	(38)
	(7,680)	(8,390)
Income tax (expense)/benefit	(3,623)	4,715
Central administration net loss	**(13,363)**	**(3,343)**

Notes:
[1] The loss on sale of investments and the related income tax expense are classified under central administration.

(ii) Segment assets and liabilities

	Segment assets		Segment liabilities		Segment net assets	
	31 December 2020 $'000	30 June 2020 $'000	31 December 2020 $'000	30 June 2020 $'000	31 December 2020 $'000	30 June 2020 $'000
Tier 1 boutiques	335,979	344,469	28,852	27,111	307,127	317,358
Tier 2 boutiques	63,076	77,161	19,376	11,011	43,700	66,150
	399,055	421,630	48,228	38,122	350,827	383,508
Central administration[1]	34,765	18,167	(393)	(884)	35,158	19,051
Total per consolidated statement of financial position	**433,820**	**439,797**	**47,835**	**37,238**	**385,985**	**402,559**

Notes:
[1] The total assets and liabilities under central administration consisted of the following:

	Segment assets	
	31 December 2020 $'000	30 June 2020 $'000
Cash and cash equivalents	18,698	7,431
Trade and other receivables	(5)	54
Income tax receivable	10,162	2,792
Other financial assets	4,154	5,446
Plant and equipment	561	756
Right-of-use assets	420	637
Other assets	775	1,051
Total	**34,765**	**18,167**

	Segment liabilities	
	31 December 2020 $'000	30 June 2020 $'000
Trade and other payables	2,498	2,730
Provisions	516	557
Financial liabilities	–	–
Lease liabilities	635	979
Provision for income tax	638	612
Net deferred tax (assets)	(4,680)	(5,762)
Total	**(393)**	**(884)**

6. Earnings/(loss) per share

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

	31 December 2020	31 December 2019
Basic earnings/(loss) per share:		
Net profit/(loss) attributable to the members of the Company ($'000)	11,625	(8,868)
Weighted average number of ordinary shares for basic earnings per share	50,124,540	47,766,900
Basic earnings/(loss) per share (cents)	**23.19**	**(18.57)**
Diluted earnings/(loss) per share:		
Net profit/(loss) attributable to the members of the Company ($'000)	11,625	(8,868)
Weighted average number of ordinary shares for diluted earnings per share	50,124,540	47,766,900
Diluted earnings/(loss) per share (cents)	**23.19**	**(18.57)**
Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share:		
Net profit/(loss) attributable to the members of the Company used in the calculation of basic earnings/(loss) per share ($'000)	11,625	(8,868)
Net profit/(loss) attributable to the members of the Company used in the calculation of diluted earnings/(loss) per share ($'000)	11,625	(8,868)
Reconciliation of weighted average number of ordinary shares in calculating earnings/(loss) per share:		
Weighted average number of ordinary shares for basic and diluted earnings per share	50,124,540	47,766,900

7. Notes to consolidated statement of cash flows

Analysis of balances

a. Reconciliation of profit/(loss) to net cash inflow from operating activities

	31 December 2020 $'000	31 December 2019 $'000
Profit/(loss) from ordinary activities after income tax	11,542	(8,627)
Adjustments and non-cash items:		
- Loss on sale of a subsidiary	2,250	–
- Depreciation and amortisation expense	1,837	2,318
- Dividends received/receivable from associates and joint venture	880	1,694
- Share based payments	300	476
- Impairment of assets	–	32,091
- Changes in fair values of financial assets and liabilities	(7,591)	(11,728)
- Share of net profit from associates and joint venture	(1,916)	(3,488)
- Non-operating foreign exchange transactions	(193)	2,853
- Non-operating interest income	(51)	170
- Non-operating interest expense	2	(331)
- Other	–	(81)
Changes in operating assets and liabilities:		
- Decrease/(increase) in trade and other receivables	4,793	(90)
- Decrease in other assets	402	535
- (Decrease) in trade and other payables	(790)	(773)
- (Decrease) in current tax liabilities	(7,344)	(1,567)
- Increase/(decrease) in net deferred taxes	8,817	(5,964)
- (Decrease)/Increase in provisions	(42)	1,883
Cash flows provided by operating activities	**12,896**	**9,371**

b. Non-cash investing and financing activities

Investing activities:		
- Recognition of right-of-use assets	–	(2,787)
- Impact of AASB 16 *'Leases'* ("AASB 16") on sublease receivables	–	(62)
	–	**(2,849)**
Financing activities:		
- Recognition of lease liabilities	–	2,777
- Impact of AASB 16 on provisions	–	67
	–	**2,844**

C. OPERATING ASSETS AND LIABILITIES

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

8. Trade and other receivables

a. Analysis of balances

	31 December 2020 $'000	30 June 2020 $'000
Current		
Trade receivables	1,317	4,386
Contract assets	–	479
Dividend receivable	6,154	9,942
Sundry receivables	7	73
	7,478	14,880
Loss allowance for expected credit losses	(5)	(43)
	7,473	**14,837**
Non-current		
Trade receivables	**552**	**283**

Impairment

As at 31 December 2020, an assessment on the expected credit losses was made on trade receivables and contract assets and indicated a total allowance of $1,000 (30 June 2020: $38,000).

Applying the expected credit loss model for dividend receivable and sundry receivables resulted to an additional amount of $3,000 as at 31 December 2020 (30 June 2020: $5,000).

As the balance of the expected credit losses for trade and other receivables were considered immaterial, no additional impairment provision was recognised (30 June 2020: $43,000 was recognised).

b. Key estimates, judgments, and assumptions

Impairment of trade and other receivables

The Group applied the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The loss allowance was determined on the days past due and the credit risk characteristics of the balances.

As a response to COVID-19, the Group undertook a review of its trade, dividend and other receivables and the expected credit losses for each. The expected loss rates are then based on the payment profiles over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information on various factors affecting the ability of the counterparties to settle the receivables including the review of their financial statements.

9. Other financial assets

a. Analysis of balances

	Type of Instrument	31 December 2020 $'000	30 June 2020 $'000
Current			
Financial assets at amortised cost:			
- Receivable from EAM Investors, LLC ("EAM Investors")[1]	Debt	648	731
- Loans receivable from IFP (Refer to Note 19 a(iii))	Debt	162	–
- Sublease receivable	Debt	248	290
		1,058	1,021
Financial assets at FVTPL:			
- Receivable from Raven Capital Management, LLC ("Raven")[2]	Debt	982	1,227
		2,040	**2,248**
Non-current			
Financial assets at amortised cost:			
- Receivable from EAM Investors[1]	Debt	973	1,361
- Loans receivable from IFP (Refer to Note 19 a(iii))	Debt	–	679
- Sublease receivable	Debt	–	153
		973	2,193
Loss allowance for expected credit losses		(6)	(6)
		967	2,187
Financial assets at FVTPL:			
- Investment in Carlisle[3]	Debt and Equity	60,148	60,670
- Investment in Proterra[4]	Equity	27,504	29,464
- Investment in IFP - preferential distribution (Refer to Note 19 a(iii))	Equity	1,936	1,214
- Receivable from Raven[2]	Debt	1,146	1,690
		90,734	93,038
Financial assets at FVTOCI:			
- Investment in GQG[5]	Equity	109,126	95,214
- Investment in EAM Global[6]	Equity	9,123	7,547
		118,249	102,761
		209,950	**197,986**

Notes:

[1] The receivable from EAM Investors pertains to the financing of USD2,250,000 provided by the Group on 21 February 2018. The loan has a term of six-years with interest of 10% per annum to assist EAM Investors in financing the repurchase of its equity from an outside shareholder. Repayments are received on a quarterly basis and the loan is expected to be fully settled by EAM Investors in June 2024.

[2] The receivable from Raven pertains to the earn out component of the consideration on the sale of the investment on 14 October 2016. The Group is paid 33.33% of the management fees earned by Raven on new FUM. Payments are calculated quarterly until the USD3,500,000 earn out cap is met. During the period, the amount of USD427,000 (30 June 2020: USD855,000) was received and the balance of the earn-out was fair valued using a discounted cash flow method at 6.45% (30 June 2020: 6.84%) with the related changes in fair value taken to profit or loss.

[3] The investment in Carlisle pertains to the purchase of 12,500 Preferred Shares of Carlisle and 5,000,000 units of Contingent Convertible Bonds issued by Carlisle. The Group is entitled to 16% of the revenues and 40% of the liquidation proceeds in the event of a sale.

Carlisle, founded in 2009, is a fully regulated alternative investment fund manager which manages alternative investment funds exclusively investing in US life settlements. Carlisle is organised under the laws of Luxembourg as a partnership limited by shares.

[4] The investment in Proterra pertains to the Group's 16% equity interest in Proterra acquired on 21 September 2019. The Group is entitled to 8% of the gross management revenues and 16% of the liquidation proceeds in the event of a sale. The fair value of the investment as at 31 December 2020 was net of the fair value of the earn-out obligation of $1,056,000 that is due in February 2021 and $4,116,000 that is due in February 2022.

Proterra is an alternative investment manager based in Minneapolis, Minnesota, USA offering private equity investment strategies focused in global natural resources.

[5] The Group owns 5% equity interest in GQG Partners, LP.

GQG Partners LLC ("GQG") is an investment advisor and provides investment advisory and asset management services to a number of investment funds and managed accounts for USA and Non-USA investors. GQG manages global international and emerging markets public equity strategies. GQG was formed in April 2016, organised as a Delaware Limited Liability Company and is registered with the USA Securities and Exchange Commission.

[6] This pertains to the Group's 18.75% equity interest in EAM Global.

EAM Global was founded in March 2014, organised as a Delaware Limited Liability Company and is registered with the USA Securities and Exchange Commission. EAM manages emerging markets small cap, international small cap and international micro-cap public equities strategies. EAM Global generates the majority of its revenues by providing advisory services to domestic customers. Fees for such services are asset based and as a result, its revenues are variable and subject to market volatility.

Impairment of other financial assets at amortised cost

Applying the expected credit loss model for other financial assets at amortised cost resulted in estimated loss of $1,000 at 31 December 2020 (30 June 2020: $6,000).

For the half-year ended 31 December 2020, the balance of the expected credit losses for other financial assets at amortised cost was considered adequate and therefore no impairment provision was recognised. For the year ended 30 June 2020, the expected credit losses of $6,000 were recognised.

b. Key estimates, judgments, and assumptions

(i) Valuation of financial assets at fair value

The Group exercises significant judgement in areas that are highly subjective. The valuation of financial assets and the assessment of carrying values require that a detailed assessment be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash flows that are discounted at a rate that imputes relative risk and cost of capital considerations. Refer to Note 15 for the fair value disclosures.

(ii) Impairment of financial assets at amortised cost

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's history, existing market conditions and forward-looking estimates at the end of each reporting period.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether credit risk has increased significantly since initial recognition, the Group considers the following information:

- Significant deterioration in external market indicators of credit risk to which the fair value of the financial asset is substantially lower than its amortised cost;
- Existing or expected changes in business, financial or economic conditions that will cause a significant decrease in the debtor's ability to meet it debt obligations;
- Actual or expected significant deterioration in the operating results of the debtor; and
- Actual or expected adverse impact due to regulatory changes and issues that will result in a significant decrease in the debtor's ability to meet it debt obligations.

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas. Refer to Section A(f) for details.

10. Provisions

	31 December 2020 $'000	30 June 2020 $'000
a. Analysis of balances		
Current		
Provision for estimated liability for Hareon[1]	10,402	11,638
Provision for annual leave	329	390
	10,731	**12,028**
Non-current		
Provision for long service leave	117	112
Other	69	69
	186	**181**

Notes:

[1] Pursuant to and in connection with the Aurora Share Subscription and Assignment Deed ("Aurora Subscription Deed"), dated 28 July 2015, between Aurora Investment Management Pty Ltd (as the Trustee of Aurora Trust), the Aurora Trust, Hareon Solar Singapore Private Limited ("Hareon"), Nereus Capital Investments (Singapore) Pte. Ltd ("NCI") and Nereus Holdings Inc ("Nereus"), Aurora agreed to make a contingent additional contribution ("Additional Contribution") to NCI of up to five over seven (5/7) of Hareon's Capital Contribution less any amounts funded under the Guarantee as discussed in Note 16. This Additional Contribution can be drawn by NCI only to fund the exercise of the Put Option, which is held by Hareon, when and if it is exercised. In the Shareholders' Deed ("Shareholder's Deed"), dated 28 July 2015, Hareon may put its Class H Shares back to NCI at the "Put Option Price" any time within 60 days following the sixth anniversary of the commissioning of the first solar project sponsored by NCI, which occurred in June 2016. Thus, the Option can be exercised beginning July 2022. The Put Option Price is equivalent to a return of Hareon's invested capital plus a specified return on their invested capital. The Class H shares have priority to other shareholders.

Management's assessment of the Additional Contribution that may be required in the event that Hareon were to put its Class H Shares back to NCI is estimated to be $10,402,000 (USD8,018,000) (30 June 2020: $11,638,000 (USD8,018,000)). As at 31 December 2020, the Group's potential obligation did not change except for the impact of the foreign exchange at period end. Management have estimated the value of this Additional Contribution based on the difference between the fair value of the solar plants operated by NCI and the redemption value of the Class H shares.

b. Key estimates, judgments, and assumptions

Provision for estimated liability to Hareon

Management determined the provision for estimated liability to Hareon based on a two-step process by calculating the fair value of the Solar Projects and the Group's potential cash liability obligation. Step one was to determine the fair value of the Solar Projects by considering the assessed value determined by an independent expert and the indicative offer from a third party. Step two was to determine the value of the Group's potential cash liability obligation based on the ranges of settlement amounts reduced by the fair value of the Solar Projects determined in step one.

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT

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

11. Financial liabilities

a. Analysis of balances

	31 December 2020 $'000	30 June 2020 $'000
Non-current		
Financial liabilities at FVTPL:		
- Earn out liability - Aether[1]	3,541	4,244
- Earn-out liability - Pennybacker[2]	4,543	4,737
- Deferred payment – former owners of EAM Global[3]	234	193
	8,318	9,174
Embedded Derivatives:		
- CAMG put option[4]	266	269
	8,584	**9,443**

Notes:

[1] The earn-out liability represents the amount owed by the Group to the former owners of Aether, for marketing and offering interests in the Aether Real Assets V, L.P. (“ARA Fund V”). This is due at the earlier of the final close of ARA Fund VII or three years after the close of ARA Fund VI. ARA Fund VI or ARA Fund VII are yet to be launched.

[2] The earn-out liability represents the potential obligation to the vendors of Pennybacker with a maximum additional consideration for $9,730,000 (USD7,500,000), which would be paid between the closing of the transaction and 31 December 2024 if certain revenue thresholds for Pennybacker’s emerging growth and income platforms are met. At the date of acquisition, the Group recorded its share of the fair value of the potential earn-out obligation in the amount of $4,552,000 (USD3,139,000). As at 31 December 2020, the fair value of the earn-out obligation was estimated to be $4,543,000 (30 June 2020: $4,737,000). This increase in fair value was due to an increase in forecast cash flows.

[3] The deferred payment pertains to the acquisition of the additional 375 preferred units in EAM Global from its former owners representing an additional 3.75% equity ownership in EAM Global. The deferred payment is equivalent to 2% and 1% of EAM’s gross revenues for the years ending 31 March 2021 and 31 March 2022, respectively.

[4] By means of a Limited Liability Partnership Deed (“Deed”) (amended as at 12 August 2019) with CAMG, the Group has committed to make capital contributions of up to GBP4,000,000 over three years, for interests in CAMG up to a maximum of 40% in total. In exchange for drawing the remaining committed amount (each occurrence a “Subsequent Drawdown”), CAMG will issue and allot to the Group additional ordinary interests with the quantity dependent on conditions at each Subsequent Drawdown.
The Deed creates a series of put options whereby CAMG has a right (but not an obligation) to sell ordinary interests in CAMG to the Group at the Subsequent Drawdown amounts within a period of three years. Thus, the Group has a liability in the form of the put options granted to CAMG. The put option will expire in April 2021.

b. Key estimates, judgements, and assumptions

Valuation of financial liabilities at fair value

The Group exercises significant judgement in areas that are highly subjective (refer to Note 15a(i)). The valuation of liabilities and the assessment of carrying values require that a detailed assessment be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash outflows that are discounted at a rate that imputes relative risk and cost of capital considerations.

12. Share capital

a. Analysis of balances

	31 December 2020 $'000	30 June 2020 $'000
Issued and fully paid ordinary shares	**184,594**	**178,424**

Movements in ordinary shares on issue

	31 December 2020		30 June 2020	
	No. of shares	$'000	No. of shares	$'000
Opening balance	49,708,483	178,424	47,642,367	166,279
Shares issued				
- 23 October 2020 under the Dividend Reinvestment Plan established on 27 August 2020 ("DRP")	745,889	4,177	–	–
- 23 October 2020, under the underwriting deed relating to the DRP, net of share issue costs and income tax	363,595	1,993	–	–
- 9 December 2019, net of share issue costs and income tax	–	–	2,066,116	12,145
Closing balance	**50,817,967**	**184,594**	**49,708,483**	**178,424**

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

On 23 October 2020, the Company issued 745,889 new fully paid ordinary shares at an issue price of $5.60 per share (being the 5.0% discount to the average of the 10 daily market Volume Weighted Average Price) under the Company's DRP. Total dividends reinvested amounted to $4,177,000.

On 23 October 2020, pursuant to a DRP underwriting agreement the Company issued 363,595 new fully paid ordinary shares at an issue price of $5.60 per share; totalling $2,036,000 before issue costs.

On 9 December 2019, the Company completed a fully underwritten institutional placement of 2,066,116 new fully paid ordinary shares at an issue price of $6.05 per share totalling $12,500,000 before issue costs. The proceeds of the placement were used to settle deferred consideration from existing investments and to replenish the Company's operating capital.

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

b. Capital management

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

During the half-year ended 31 December 2020, the Company paid cash dividends of $8,250,000 whilst the remaining balance of $4,177,000 was through DRP (31 December 2019: $7,146,000). The Board anticipates that the median payout ratio to be in the range of 60% to 80% of the underlying net profit after tax of the Group. The Board continues to monitor the appropriate dividend payout ratio over the medium term.

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

13. Reserves

Analysis of balances

	31 December 2020 $'000	30 June 2020 $'000
Investment revaluation reserve	76,189	63,605
Foreign currency translation reserve	22,276	56,278
Equity-settled employee benefits reserve	6,408	6,737
	104,873	**126,620**

(i) Investment revaluation reserve

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

Movements in reserve:

Opening balance	63,605	36,616
Movement in other comprehensive income:		
- Net fair value gain on financial assets at FVTOCI, net of income tax	21,103	28,091
- Foreign currency movement	(8,519)	15
	12,584	**28,106**
Transfers between reserve:		
- Reversal of the net fair value gain, net of income tax, on financial assets at FVTOCI derecognised during the period	–	(817)
Closing balance	**76,189**	**63,605**

(ii) Foreign currency translation reserve

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

Movements in reserve:

Opening balance	56,278	47,844
Movement in other comprehensive income:		
- Exchange differences on translating foreign operations of the Group	(34,006)	8,482
Share of non-controlling interests	4	(48)
Closing balance	**22,276**	**56,278**

(iii) Equity settled employee benefits reserve

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

Movements in reserve:

Opening balance	6,737	6,774
Share-based payments (refer to Note 20(ii))	300	961
Value of shares bought on market to settle performance rights vested (refer to Note 20(iii))	(629)	(998)
Closing balance	**6,408**	**6,737**

14. Dividends paid and proposed

Analysis of balances

	31 December 2020 $'000	31 December 2019 $'000
Previous financial year final dividend paid during the half-year:		
Fully franked dividend at 25 cents per share (31 December 2019: 15 cents per share)	12,427	7,146
Declared after the reporting period and not recognised[1]:		
Fully franked dividend at 10 cents per share (31 December 2019: 10 cents per share)	5,082	4,971

The fully franked dividend paid during the current half-year included dividends reinvested totalling to $4,177,000 with equivalent number of shares of 745,889 issued under the Company's DRP.

Notes:
[1] Calculation was based on the ordinary shares on issue as at 31 January 2021 (31 December 2019: 31 January 2020).

15. Fair value of financial instruments

a. Fair value estimation

(i) Fair value hierarchy

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

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

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

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

Financial instruments	31 December 2020 $'000	30 June 2020 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Financial assets at FVTPL					
Investment in Carlisle	60,148	60,670	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate	6.4% to 12.8% (30 June 2020: 6.4% to 27.9%) 10% to 18% (30 June 2020: 20%) 3% (30 June 2020: 3%)	1% (30 June 2020: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $2,230,000 and increase by $2,573,000 (30 June 2020: decrease by $1,742,000 and increase by $1,887,000).
Investment in Proterra	27,504	29,464	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate	(0.9%) to 37.2% (30 June 2020: 3% to 37%) 9.5% to 14.4% (30 June 2020: 8.5% to 14.5%) 2.5% (30 June 2020: 2.5%)	1% (30 June 2020: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $1,477,000 and increase by $1,748,000 (30 June 2020: decrease by $236,000 and increase by $249,000).

Financial instruments	31 December 2020 $'000	30 June 2020 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Investment in IFP - preferential distribution	1,936	1,214	Discounted Cash Flow - Discount rate	10% and 13% (30 June 2020: 10%)	1% (30 June 2020: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would decrease by $9,000 and increase by $9,000 (30 June 2020: decrease by $5,000 and increase by $5,000).
Receivable from Raven	2,128	2,917	Discounted Cash Flow - Projected revenue from the new FUM of the business - Discount rate	33.33% (30 June 2020: 33.33%) 6.45% (30 June 2020: 6.84%)	1% (30 June 2020: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $27,000 and decrease by $23,000 (30 June 2020: increase by $40,000 and decrease by $39,000).
Financial assets at FVTOCI					
Investment in GQG	109,126	95,214	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate - Probability factor on: - discounted cash flow - control transaction value - call option value	7.6% to 15.3% (30 June 2020: 7.6% to 45%) 14.5% (30 June 2020: 15%) 3% (30 June 2020: 3%) 65% (30 June 2020: 65%) 10% (30 June 2020: 10%) 25% (30 June 2020: 25%)	1% (30 June 2020: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $4,379,000 and increase by $5,213,000 (30 June 2020: decrease by $2,772,000 and increase by $3,353,000).
Investment in EAM Global	9,123	7,547	Discounted Cash Flow - Revenue growth derived from FUM growth - Discount rate - Terminal growth rate	10.1% (30 June 2020: (2%) to 10.1%) 18.5% (30 June 2020: 19%) 3% (30 June 2020: 3%)	1% (30 June 2020: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $320,000 and increase by $364,000 (30 June 2020: decrease by $145,000 and increase by $290,000).

Financial instruments	31 December 2020 $'000	30 June 2020 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Financial liabilities at FVTPL					
Earn out liability - Aether	3,541	4,244	Discounted Cash Flow - Discount rate	7% (30 June 2020: 7%)	1% (30 June 2020: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $76,000 and decrease by $73,000 (30 June 2020: increase by $101,000 and decrease by $98,000).
Earn out liability – Pennybacker	4,543	4,737	Discounted Cash Flow - Revenue growth derived from FUM growth - Earn-out factor to earn-out multiplier - Discount rate	$9,086,000 (30 June 2020: $7,703,000) 50% (30 June 2020: 60%) 15% (30 June 2020: 15%)	1% (30 June 2020: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $127,000 and decrease by $122,000 (30 June 2020: increase by $154,000 and decrease by $147,000).
Deferred payment – former owners of EAM Global	234	193	Discounted Cash Flow - Projected gross revenues for the years ending 31 March 2022 and 2023 - Discount rate	2% and 1% (30 June 2020: 2% and 1%) 18.5% (30 June 2020: 19%)	1% (30 June 2020: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $3,000 and decrease by $3,000 (30 June 2020: increase by $3,000 and decrease by $3,000)
Embedded derivatives					
CAMG put option	266	269	- Commitment amount - Probability factor that the put option will be exercised	$2,659,000 (30 June 2020: $3,590,000) 10% (30 June 2020: 7.5%)	1% (30 June 2020: 1%) lower or higher probability factor while all the other variables were held constant, the fair value would decrease by $27,000 and increase by $27,000 (30 June 2020: decrease by $36,000 and increase by $36,000)

(ii) Transfers between levels and changes in valuation techniques

There were no transfers between the levels of fair value hierarchy during the period. There were also no changes made to any of the valuation techniques applied as at 31 December 2020.

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

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

	31 December 2020		30 June 2020	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets at amortised cost				
- Receivable from EAM Investors	1,621	1,702	2,092	2,206
- Loans receivable from IFP	162	162	679	691

16. Capital commitments and contingencies

	31 December 2020 $'000	30 June 2020 $'000
a. Capital commitments		
The Group has outstanding capital commitments as follows:		
- CAMG further drawdowns until April 2021 (GBP1,000,000) (30 June 2020: GBP1,500,000)	1,773	2,693
- Additional Contribution to NCI (USD12,095,000) (30 June 2020: USD12,095,000)[1]	15,692	17,555
- Astarte Capital Management, LLP ("Astarte") (GBP4,400,000) [2]	7,799	–
Total capital commitments	**25,264**	**20,248**

Notes:

[1] Under the Aurora Subscription Deed and Shareholder's Deed referred in Note 10, Aurora agreed to make an Additional Contribution to NCI in the amount of USD13,500,000; reduced by the amount of Guarantee paid of USD1,405,000 (30 June 2020: USD1,405,000).

[2] On 29 December 2020, the Group entered into an agreement to purchase minority interest In Astarte. Completion of the investment is subject to regulatory approval in the United Kingdom which is expected to be subsequently received. If the acquisition is approved, the Group is committed to invest up to GBP4,400,000 to buy-out non-management shareholders and to provide operating capital to Astarte. In exchange for the Group's investment, the Group will be entitled to 40% of Astarte's net income.

Astarte, founded in 2015, is an investment manager, based in London, England, focused on private markets real asset strategies. Astarte's business model is distinctive in that it provides anchor/seed capital, working capital, and fundraising support to operating experts and emerging investment managers to support their growth.

Earn-out payments for the future funds of Aether

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

b. Contingent liabilities

The Group has outstanding contingent liabilities as follows:

	31 December 2020 $'000	30 June 2020 $'000
- Guarantee to NCI (USD5,000,000)[1]	6,487	7,257
Total contingent liabilities	**6,487**	**7,257**

Notes:

[1] The Group agreed to provide a guarantee ("Guarantee") to NCI of up to USD5,000,000 a year for each of the six years following the date of commission of the first solar project sponsored by NCI. This Guarantee is to cover any shortfall payments, which are basically the amounts that are drawn upon by NCI if and when certain prescribed thresholds in respect to annual revenues of NCI are not met.

The Shareholder's Deed requires that an escrow account ("Escrow Account") be funded to be used to satisfy the Guarantee. These shortfall payments are drawn from the Escrow Account. The Group shall contribute additional amounts to the Escrow Account equal to any amounts drawn down by Nereus so that the balance of the of the Escrow Account will be kept at USD5,000,000. To date, the Group does not maintain the Escrow Account. Nevertheless, the Group had been honouring any shortfall payments by funding USD1,405,000 (30 June 2020: USD1,405,000).

c. Contingent assets

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by certain shareholders seeking leave of the court to commence a derivative action on behalf of the Company against several of its current and former Directors for damages arising out of the 2014 merger between the Company and the Northern Lights Capital Group, LLC. On 23 September 2019, the Company received a draft statement claim in relation to the derivative action.

On 20 February 2020, the certain shareholders received leave of the Federal Court of Australia under section 237 of the *Corporations Act 2001 (Cth)* to bring proceedings and file the statement of claim on behalf of the Company, against individuals who, in 2014, were Directors of the Company (previously known as Treasury Group Limited) prior to its business combination with Northern Lights Capital Partners, LLC ("Defendants"). The effect is that the Company is the named plaintiff in proceedings brought in the Federal Court of Australia against the Defendants. IMF Bentham (Fund 5) (the "Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the Defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the Defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share. The Company has made claims against its relevant insurance policies in relation to these matters on behalf of its current Directors.

E. GROUP STRUCTURE

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

17. Interests in subsidiaries

The following are the Company's subsidiaries:

Name of subsidiaries	Country of incorporation	Ownership interest held by the Company	
		31 December 2020 %	30 June 2020 %
Aurora Investment Management Pty Ltd	Australia	100	100
The Aurora Trust	Australia	100	100
Treasury Group Investment Services Pty Ltd	Australia	100	100
Treasury ROC Pty Ltd[1]	Australia	100	100
Northern Lights MidCo, LLC (“Midco”)	USA	100	100
Northern Lights Capital Group, LLC	USA	100	100
Carlisle Acquisition Vehicle, LLC (“CAV”)[2]	USA	100	100
NLCG Distributors, LLC	USA	100	100
Northern Lights Capital Partners (UK) Ltd (“NLCPUK”)	UK	100	100
Strategic Capital Investors, LLP	UK	60	60
Northern Lights MidCo II, LLC	USA	100	100
Aether Investment Partners, LLC	USA	100	100
Seizert Capital Partners, LLC[3]	USA	-	25

Notes:
[1] This subsidiary is an intermediate holding company and non-operating.
[2] CAV is a limited liability company that holds the Group’s investment in Carlisle. Midco owns 1% and NLCPUK owns 99% of CAV.
[3] Prior to the disposal of the Group’s interest in Seizert during the period (Refer to Note 17a below for details), the Group had control over Seizert based on its 54.55% voting rights, majority Board representation and preference in the distribution waterfall. Therefore, Seizert was consolidated as part of the Group.

a. Disposal of a subsidiary

On 30 November 2020, the Group completed the sale of all its economic interest in Seizert to the current Seizert management team. The assets and liabilities of Seizert including the other identifiable intangibles held in Seizert were derecognised as at 30 November 2020 and the proceeds amounting to $6,800,000 (USD5,000,000) before tax was received. The results of operations of Seizert from 1 July 2020 to 30 November 2020 were included in the consolidated financial statements. The sale of the Group’s investment in Seizert resulted to a loss of $2,250,000.

Details of the sale are as follows:

	$’000
Consideration received or receivable	6,800
Carrying amount of the investment sold	(9,050)
Loss on sale before income tax	(2,250)

The carrying amounts of assets and liabilities as at the date of the completion of the sale were:

	30 November 2020 $'000
Cash and cash equivalents	4,529
Trade and other receivables	2,304
Other current assets	674
Plant and equipment	57
Right-of-use assets	884
Other assets	3
Total assets	8,451
Trade and other payables	831
Provisions	13
Lease liabilities	933
Total liabilities	1,777
Net assets	6,674
Add: Intangible assets - brands and trademarks	2,376
Total carrying value	**9,050**

18. Intangible assets

a. Analysis of balances

	31 December 2020 $'000	30 June 2020 $'000
Goodwill, net of impairment	33,336	37,295
Other identifiable intangible assets, at carrying amount		
- Brand and trademark	7,006	10,373
- Management rights	12,188	15,064
	19,194	25,437
Total intangible assets	**52,530**	**62,732**

	Goodwill $'000	Brand and trademark $'000	Management rights $'000	Total $'000
Movement of intangible assets				
31 December 2020				
Opening balance	37,295	10,373	15,064	62,732
Impairment	–	–	–	–
Amortisation	–	–	(1,362)	(1,362)
Disposal	–	(2,376)	–	(2,376)
Effect of foreign currency differences	(3,959)	(991)	(1,514)	(6,464)
Closing balance	**33,336**	**7,006**	**12,188**	**52,530**
30 June 2020				
Opening balance	58,133	18,055	17,906	94,094
Impairment	(22,585)	(8,259)	–	(30,844)
Amortisation	–	–	(3,279)	(3,279)
Effect of foreign currency differences	1,747	577	437	2,761
Closing balance	**37,295**	**10,373**	**15,064**	**62,732**
Cash generating units				
Goodwill and other identifiable intangible assets:				
31 December 2020				
- Aether	33,336	7,006	12,188	52,530
- Seizert[1]	–	–	–	–
Closing balance	**33,336**	**7,006**	**12,188**	**52,530**
30 June 2020				
- Aether	37,295	7,838	15,064	60,197
- Seizert	–	2,535	–	2,535
Closing balance	**37,295**	**10,373**	**15,064**	**62,732**

Notes:
[1] On 30 November 2020, the Group disposed its interest in Seizert. Refer to Note 17a for details.

b. Key estimates, judgments, and assumptions

Impairment of goodwill and other identifiable intangible assets

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

Aether

The recoverable amount of Aether, a cash-generating unit, is determined based on a value in use calculation which uses cash flow projections. These cash flow projections include expected revenues from existing funds, which are largely certain, as well as anticipated new fund raising every two years. A five-year discrete period was applied as it is believed that it is sufficient time for the business to be in a steady state in terms of launching new funds based on the existing plan for the business. At 31 December 2020, management assessed goodwill and other identifiable intangible assets for impairment triggers and determined that no impairment is to be recognised (31 December 2019: Management assessed goodwill, other identifiable intangibles and other assets for impairment triggers and determined that no impairment was to be recognised).

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas. Refer to Section A(f) for details.

Seizert

Seizert was disposed on 30 November 2020.

For the half-year ended 31 December 2019, the recoverable amount of Seizert a cash-generating unit was determined based on a value in use calculation which used cash flow projections. These cash flow projections included expected revenues from existing funds under management, as well as expected FUM movement in future years. A five-year discrete period was applied as it was believed that it was sufficient time for the business to be in a steady state. During the period, the goodwill, other identifiable intangibles and other assets were assessed for triggers of impairment. Management recognised an impairment of the goodwill of $14,078,000 and brand and trademark of $3,635,000. A weighted average discount rate of 18% was applied in the cash flow projections during the discrete period, tax rate of 21% and a terminal growth rate of 3%.

19. Investment in associates and joint venture

a. Analysis of balances

Investment in associates	31 December 2020 $'000	30 June 2020 $'000
Opening balance	100,447	110,143
Additional contribution to associates	935	8,867
Subsequent reclassification from investment at FVTOCI	–	3,786
Conversion of loans receivable to associate	–	480
Share of net profits of associates	2,110	1,663
Dividends and distributions received/receivable	(430)	(4,929)
Sale of investment in associates	–	(459)
Impairment	–	(21,794)
Transferred to profit or loss	–	180
Foreign currency movement	(9,518)	2,510
Closing balance	93,544	100,447
Investment in joint venture		
Opening balance	33,159	–
Acquisition of a joint venture	–	29,017
Deferred consideration of an associate of the joint venture (refer to Note 11 footnote 2)	–	4,552
Share of net (loss)/profit of a joint venture	(194)	88
Dividends and distributions received/receivable	(450)	(542)
Foreign currency movement	(3,479)	44
Closing balance	29,036	33,159
Total	**122,580**	**133,606**

(i) Details of associates and joint venture

Associates	Principal activity	Ownership interest 31 December 2020 %	Ownership interest 30 June 2020 %	Place of incorporation and operation
Aether General Partners[1]	Funds Management	25.00	25.00	USA
Blackcrane Capital, LLC[2]	Funds Management	25.00	25.00	USA
Capital & Asset Management Group, LLP[3]	Funds Management	35.00	32.50	USA/UK
IFP Group, LLC[4]	Investment Adviser	24.90	24.90	USA
Northern Lights Alternative Advisors LLP[5]	Placement Agent	23.00	23.00	UK
Roc Group[6]	Funds Management	30.00	30.00	Australia
Victory Park Capital Advisors, LLC[7]	Funds Management	24.90	24.90	USA
Victory Park Capital GP Holdco, L.P.[8]	Funds Management	24.90	24.90	USA

	Principal activity	Ownership interest 31 December 2020 %	Ownership interest 30 June 2020 %	Place of incorporation and operation
Joint venture				
Copper Funding, LLC[9]	Investment Entity	50.00	50.00	USA
Associate of the joint venture				
Pennybacker Capital Management, LLC[10]	Funds Management	16.50	16.50	USA

Notes:
[1] Aether Real Assets GP I, LLC, Aether Real Assets GP II, LLC, Aether Real Assets GP III, LLC and Aether Real Assets III Surplus GP, LLC (collectively the "Aether General Partners") are the General Partners of Aether Real Assets I, L.P., Aether Real Assets II, L.P., Aether Real Assets III, L.P. and Aether Real Assets III Surplus, L.P. (collectively the "Funds"). The General Partners are responsible for the operation of the Funds and the conduct and management of its business.
[2] Blackcrane is a boutique asset management firm focusing on global and international equities.
[3] CAMG is a private infrastructure investment firm based in London, England and Washington DC, USA.
[4] IFP is a privately held, family-owned firm. IFP is a multi-custodial registered investment adviser focused on delivering personalised, concierge-level service to advisors in the USA specialising in wealth management and retirement plan consulting.
[5] NLAA is a strategic partner and placement agent based in London, England that focused on private equity and hedge funds.
[6] Roc Group is a specialised investment firm offering both pooled and customised Asia Pacific private equity solutions. Roc Group includes Roc Partners Pty Ltd and Roc Partners (Cayman) Limited. The Group holds stapled securities in Roc Group.
[7] VPC is a focused on private debt strategies-direct lending to financial service companies (Specialty Finance) with some investments in private equity.
[8] VPC-Holdco holds direct and indirect interest in VPC funds and their general partner entities.
[9] CFL is a limited liability company established as a joint venture of the Group with Kudu Investments Management, LLC ("Kudu") to hold the investment in Pennybacker.
[10] Pennybacker is an alternative investment manager based in Austin, Texas, USA offering private equity investment strategies focused on both commercial, retail, office, and industrial assets, as well as affordable multifamily residential real estate in certain markets in the USA.

(ii) Additional contributions to associates

On 30 September 2020 and 16 December 2020, drawdowns were made to CAMG for $903,000 (GBP500,000) (30 June 2020: $1,881,000 (GBP1,000,000) including $918,000 (GBP500,000) drawdowns as at 31 December 2019). These resulted to the increase in the Group's equity interest in CAMG to 35% (30 June 2020 32.5%).

In the prior period, the Group acquired an additional 12.41% equity interests in Roc Group for $6,826,000 increasing the Group's equity interest to 30% which included other identifiable intangible assets and goodwill of $6,742,000.

(iii) Transactions with IFP

Transactions from 1 July 2020 to 31 December 2020

During the period, IFP made additional drawdowns totaling $125,000 (USD90,000) from the credit facility of $895,000 (USD600,000). This was classified as financial asset at amortised cost.

Subsequently, on 30 December 2020, the Group and IFP terminated the credit facility and convert any outstanding balances to an Additional Operating Capital Contribution $778,000 (USD601,000, consisted of USD558,000 as drawdowns and USD43,000 as related interest). The Group is entitled to a 13% annualised return to be collected upon IFP making an initial distribution. The Additional Operating Capital Contribution was classified as classified as financial asset at FVTPL.

On 31 December 2020, the Group agreed to provide IFP with a short-term loan of $162,000 (USD125,000) plus origination fee of $6,000 (USD5,000). Both the loan and the origination fee were repaid to the Group on 8 January 2021.

Transactions from 1 July 2019 to 30 June 2020

In the prior comparative period, the Group provided a credit facility to IFP. The initial amount of the credit facility is $2,200,000 (USD1,500,000) and the credit facility bears interest of 13% per annum and will have to be fully repaid no later than 31 December 2022. IFP made a drawdown of $1,327,000 (USD889,000) from the credit facility provided by the Group. This was classified as a financial asset at amortised cost. This credit facility was terminated on 30 December 2020, as above.

In addition, the Group made an additional contribution of $854,000 (USD600,000) to IFP increasing the Group ownership to 16%. The accounting treatment of this investment in IFP was changed from financial asset at FVTOCI to an associate following the increase in equity ownership from 10% to 16%. The fair value of the investment that was reclassified from financial asset at FVTOCI to an investment in associate amounted to $3,609,000. As a result, the net fair value gain on financial asset at FVTOCI recognised in other comprehensive income amounting to $789,000 was transferred directly to retained earnings.

On 11 March 2020, the Group also provided $1,194,000 (USD800,000) as operating capital contribution. This contribution did not give a right to an increased equity ownership nor a return equivalent to the existing equity in IFP. The Group is entitled to a 10% annualised return to be collected upon IFP making an initial distribution. This was classified as financial asset at FVTPL.

On 11 March 2020, the $1,327,000 (USD889,000) loan under the credit facility plus interest of $16,000 (USD11,000) was recharacterised into additional capital contributions resulting in a further increased equity from 16% at 31 December 2019 to 24.9%.

The additional contribution and conversion of loan in IFP increased the Group's equity interest to 24.9% which included other identifiable intangible assets and goodwill of $5,831,000.

(iv) Restructuring of associates

On 31 December 2020, the Group and NLAA restructured the Group's investment from a share in profits structure to revenue share effective as at 31 March 2020. The Group is entitled to USD200,000 annually or USD50,000 every quarter and an additional amount equal to 10% of in excess of USD3,000,000 cash revenue for each accounting period ended 31 March. The restructure did not change the Group's 23% ownership in NLAA and the existing accounting treatment of the investment as an associate since the Group still maintains significant influence over NLAA.

As at 31 December 2020, the Group recognised $484,000 (USD350,000) share in NLAA which consisted of $277,000 (USD200,000) for the financial year ended 31 March 2020 and $207,000 (USD150,000) for the three quarters ended 30 June 2020, 30 September 2020 and 31 December 2020.

(v) Sale of investment in associates

In the prior period, the Group sold its 30.89% equity interest in FIM for $459,000.

(vi) Contributions to a joint venture

In the prior period, the Group contributed $29,017,000 (USD20,010,000) for a 50% equity interest in CFL, alongside an equal co-investor Kudu. The Group and Kudu made combined contributions of $58,057,000 (USD40,000,000) to acquire a 33% equity interest in Pennybacker and the potential earn-out obligation with a maximum value of $21,772,000 (USD15,000,000).

The Group recognised its proportionate share of the earn-out obligation that CFL may have to pay to Pennybacker. The share of the potential earn-out obligation has been added to the acquisition cost of Pennybacker. It will be ultimately paid by CFL to Pennybacker (refer to Note 11 footnote 2 for details).

CFL's investment in Pennybacker was accounted as investment in an associate. The acquisition of the interest in Pennybacker included other identifiable intangible assets and goodwill of $34,487,000.

b. Summarised financial information for material associates and joint venture

	31 December 2020			31 December 2019		
	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Pennybacker[1] $'000	VPC $'000	VPC-Holdco $'000
Comprehensive income						
Revenue for the period	12,195	20,633	548	1,226	30,661[2]	9,213[3]
Profit after tax for the period	1,982	10,038	437	493	8,230	9,126
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	1,982	10,038	437	493	8,230	9,126
Dividends/distributions received during the period	450	–	134	–	91	989

	31 December 2020			30 June 2020		
	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000
Financial position						
Current assets	8,281	32,745	–	3,204	25,329	–
Non-current assets	–	19,790	21,109	4,199	16,802	14,837
Current liabilities	(6,438)	(45,185)	(583)	(5,390)	(42,769)	(536)
Non-current liabilities	–	(9,601)	–	–	(11,180)	–
Net assets/(liabilities)	1,843	(2,251)	20,526	2,013	(11,818)	14,301
Reconciliation of the summarised financial position to the carrying amount recognised by the Group:						
- Net assets/(liabilities) before determination of fair values	1,843	(2,251)	20,526	2,013	(11,818)	14,301
- Ownership interest in %	16.50%[4]	24.90%	24.90%	16.50%[4]	24.90%	24.90%
- Proportion of the Group's ownership interest	304	(560)	5,111	332	(2,943)	3,561
- Acquired goodwill and intangibles	28,573	50,255	16,233	32,595	73,362	23,876
- Impairment	–	–	–	–	(14,307)	(3,631)
- Undistributed profits	168	3,584	–	238	1,170	–
- Foreign currency movement	(9)	(224)	–	(7)	361	100
Closing balance	29,036	53,055	21,344	33,158	57,643	23,906

Notes:

[1] Pennybacker was acquired on 14 December 2019, therefore the prior half-year profit or loss information only covers the period from acquisition to 31 December 2019.

[2] The revenue for the period ended 31 December 2019 of VPC included incentive fees revenue amounted to $8,579,000 recognised in accordance with AASB 15: Revenue.

[3] The revenue for the period ended 31 December 2019 of VPC-Holdco included carried interest amounted to $9,074,000 recognised in accordance with AASB 15: Revenue.

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

c. Key estimates, judgments, and assumptions

Impairment of investments in associates and joint venture

At the end of each reporting period, management is required to assess the carrying values of each of the underlying investments in associates and joint venture of the Group. Should an investment underperform or not meet expected growth targets from prior expectations, a resulting impairment of the investments is recognised if that deterioration in performance is deemed not to be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. A significant or prolonged decline in the fair value of an associate or joint venture below its cost is also evidence of impairment. During the period, the investments in associates and joint venture were tested for impairment triggers and determined that no impairment is to be recognised (31 December 2019: $115,000 for FIM and $14,007,000 for VPC).

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas. Refer to Section A(f) for details.

F. OTHER INFORMATION

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

20. Share-based payments

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

a. The Group Long-Term Incentive ("LTI") Plan

(i) Performance rights of Mr. Greenwood

On 21 August 2020, the Directors of the Company approved the issue of 102,500 ordinary shares for Mr. Greenwood, as a result of the vesting of his performance rights issued on 5 October 2017. This was completed on 16 September 2020.

(ii) Performance rights recognised in the profit or loss

The amount of performance rights amortisation expense for the period was $300,000 (31 December 2019: $476,000).

(iii) Shares bought on market to settle share-based payments

The shares bought on market to settle performance rights vested during the period amounted to $629,000 (31 December 2019: $890,000).

b. Key estimates, judgments, and assumptions

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using hybrid Monte-Carlo/binomial option pricing model with the assumptions.

The assumptions used in arriving at the valuations are as follows:

	Volatility of the underlying share price	Expected dividend yield per annum	Risk free rates per annum
Under the MD & CEO LTI Plan	30%	3.84%	2.07% and 2.15%
Under the Employee Share Ownership Plan 2018 employees			
- 25 June 2019	30%	4.48%	0.89% and 0.90%
- 1 August 2019	30%	3.60%	0.87% and 0.83%

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

21. Significant events subsequent to reporting date

On 26 February 2021, the Directors of the Company declared an interim fully franked dividend of 10 cents per share (28 February 2020: 10 cents per share). The interim dividend for 2021 financial year will be subject to the DRP. Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 31 December 2020 half-year consolidated financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect in the financial years subsequent to 31 December 2020 either the operations or the state of affairs, of the Group.

22. Adoption of new and revised Standards

a. New and amended AASB standards that are effective from 1 July 2020

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

b. Standards and interpretations in issue not yet adopted

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

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

The Directors declare that:

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

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

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

On behalf of the Directors

Antony Robinson
Chairman

26 February 2021

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Independent Auditor's Review Report to the members of Pacific Current Group Limited

Conclusion

We have reviewed the half-year financial report of Pacific Current Group Limited (the "Company") which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 14 to 64.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-year Financial Report

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants
Sydney, 26 February 2021

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

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

Company Secretary
Ms. Clare Craven

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