

1. Company details

Name of entity:	Microequities Asset Management Group Limited
ABN:	17 110 777 056
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	72.5% to	5,065,763
Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group Limited	down	76.8% to	3,160,294
Profit for the half-year attributable to the owners of Microequities Asset Management Group Limited	down	76.8% to	3,160,294

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2022 paid on 2 September 2022	2.0	2.0

On 10 February 2023, the directors declared a fully franked interim dividend for the year ending 30 June 2023 of 1.8 cents per ordinary share with a record date of 16 February 2023 and a payment date of 6 March 2023.

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$3,160,294 (31 December 2021: \$13,596,590).

Refer to the Chief Executive Officer's report for detailed commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>14.82</u>	<u>14.40</u>

The net tangible assets per ordinary security is calculated based on 130,683,210 ordinary shares on issue as at 31 December 2022 (excluding 2,836,583 treasury shares). The previous period net tangible assets per ordinary security is calculated based on 130,779,846 ordinary shares (excluding 2,836,583 treasury shares) as at 30 June 2022.

Net tangible assets calculations above include the right-of-use assets and lease liabilities.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of Microequities Asset Management Group Limited for the half-year ended 31 December 2022 is attached.

6. Signed

As authorised by the Board of Directors



Signed _____

Date: 10 February 2023

Leslie Szekely
Chairman
Sydney

Microequities Asset Management Group Limited

ABN 17 110 777 056

Interim Report - 31 December 2022

Microequities Asset Management Group Limited
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31 December 2022



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Dear Fellow Shareholders,

Our business model will always be significantly impacted by mark to market prices as both of these directly impact management fees and performance fees, our main revenue lines. The decline in statutory earnings in the first-half of financial year 2023 ('1H23') is predominantly due to a large fall in performance fee revenue, which is unpredictable and non-recurring in nature. The fall in equity market prices experienced over the last 18 months makes it difficult for our business to grow during those periods of the market cycle. This is despite very good growth in our investee companies' earnings and fundamental valuations. Notwithstanding, we are pleased to provide a set of financial accounts that demonstrate the solidity of our underlying business during a prolonged downturn phase of the equity market cycle. If this ends up being the trough of the market cycle, and I shall not venture to have a view on the inherently unpredictable, and if we were to enter a positive cycle phase, we would do so from an excellent starting point.

Summary Profit or Loss Statement (\$'000's unless stated)	31 Dec 2022 \$	31 Dec 2021 \$	% change
Funds Under Management ('FUM') (\$ million)	577.1	630.9	-9%
Recurring Revenue ¹	4,782.2	5,014.4	-5%
Ongoing Operating Expenses ²	-1,915.2	-1,902.9	-1%
Operating profit from recurring revenue	2,867.0	3,111.5	-8%
Performance fee Income	135.9	13,352.2	-99%
Operating profit from investment management	3,002.9	16,463.7	-82%
Interest revenue and other income	147.7	44.6	+231%
Other income and gains/(loss) on investments	1,665.1	1,797.3	-7%
Employee share-based payment expense	-320.6	-45.0	-613%
Tax expense	-1,176.7	-4,551.3	+74%
Profit attributable to non-controlling interest	-158.1	-112.7	-40%
Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group	3,160.3	13,596.6	-77%
Client Numbers (units)	966	903	+7%
Ongoing operating expenses to recurring revenue	40.05%	37.95%	-210bps

¹ Represents management fees

² Excludes costs related to the employee share-based payment expense

Key Financial Highlights

Challenging equity market conditions have continued to subdue our growth trajectory into 1H23. We have navigated through those conditions well, with our recurring revenue declining by a relatively small -5% against the previous corresponding period ('pcp'), when we were comping against a peak in historical market prices. Total FUM in 1H23 closed at \$577.1 million or +7% against the end of FY22, whilst total client numbers grew by +7% on a pcp and +1% against the FY22. To be able to hold total client numbers largely steady during this phase of the market cycle is extremely challenging, to be able to grow them demonstrates our investor value proposition which is centred on delivering strong long-term outperformance against asset class benchmarks after all fees. We have historically delivered strong outperformance and I'm pleased to report that we have continued to do that throughout the bear market that begun 18 months ago. Our cost to recurring income ratio remains within target range at 40.1% and the business remains in a very strong financial position.

Investment and Operational focus for FY23

Our investment opportunity set for our capital growth Funds is one of the strongest we have seen in a long time. The combination of sizeable investment capacity available in our Funds and the highly attractive investment opportunity set currently available means that we must continue to explore all avenues available to us to increase net inflows into our Funds. Operationally, we will continue to invest considerable resources in our sales and marketing activities to achieve that objective. Our only retail product, the Value Income Fund, has continued to gain momentum during 1H23 and inflow traction is becoming more sizeable. The strategy still has ample capacity to accommodate further inflows and improving advisor and market awareness will be a key task over the next 12 months.

First Half Dividend and Balance Sheet

The board of Microequities Asset Management Group Limited is pleased to declare a 1.8 cent per share fully franked dividend. The dividend payment is consistent with the dividend policy of the company, which is to pay between 70% to 100% of the cash operating profit from the investment management operations. The balance sheet of the business remains extremely strong, with \$6 million in cash and net tangible assets of \$19.4 million +2.7% on pcp.

Outlook for FY23

We expect both the current and future capital markets to be highly conducive to our investment style which is predicated on allocating long term capital to profitable, undervalued, growth assets. Given our investment opportunity set we are highly confident that we will continue to deliver on our value proposition to our clients. We are also observing an increase in market pricing inefficiency thanks to the rising market share of index funds, exchange traded funds and other passive investment vehicles, providing competent active fund managers an excellent platform from which to deliver outperformance.



Carlos Gil
Chief Executive Officer, Chief Investment Officer

10 February 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Microequities Asset Management Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Microequities Asset Management Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Leslie Szekely - Chairman
Carlos Gil
Samuel Gutman
Dr Alexander Abrahams

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of the management of investment funds.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$3,160,294 (31 December 2021: \$13,596,590).

Refer to the Chief Executive Officer's report for further commentary on the review of operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Leslie Szekely
Chairman



Carlos Gil
Chief Executive Officer

10 February 2023

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF MICROEQUITIES ASSET
MANAGEMENT GROUP LIMITED

As lead auditor for the review of Microequities Asset Management Group Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 10 February 2023

Microequities Asset Management Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	Consolidated 31 Dec 2022	31 Dec 2021
		\$	\$
Revenue from contracts with customers	4	5,019,461	18,403,947
Other income and gains on investments	5	1,665,127	1,797,265
Interest revenue calculated using the effective interest method		46,302	7,209
Expenses			
Employee benefits expenses		(1,588,715)	(1,375,028)
Depreciation expenses		(102,790)	(105,112)
Legal and professional expenses		(93,801)	(79,340)
Advertising expenses		(142,564)	(60,993)
Occupancy expenses		(24,542)	(26,384)
Other expenses		(278,093)	(299,717)
Interest expenses		(5,311)	(1,254)
Profit before income tax expense		4,495,074	18,260,593
Income tax expense		(1,176,710)	(4,551,319)
Profit after income tax expense for the half-year		3,318,364	13,709,274
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>3,318,364</u>	<u>13,709,274</u>
Profit for the half-year is attributable to:			
Non-controlling interest		158,070	112,684
Owners of Microequities Asset Management Group Limited		<u>3,160,294</u>	<u>13,596,590</u>
		<u>3,318,364</u>	<u>13,709,274</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		158,070	112,684
Owners of Microequities Asset Management Group Limited		<u>3,160,294</u>	<u>13,596,590</u>
		<u>3,318,364</u>	<u>13,709,274</u>
		Cents	Cents
Basic earnings per share	14	2.42	10.48
Diluted earnings per share	14	2.39	10.29

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Microequities Asset Management Group Limited
 Consolidated statement of financial position
 As at 31 December 2022



		Consolidated	
	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		5,963,812	6,728,635
Trade and other receivables	6	923,574	1,432,258
Other assets		348,360	594,658
Total current assets		<u>7,235,746</u>	<u>8,755,551</u>
Non-current assets			
Financial assets at fair value through profit or loss	7	13,743,154	11,046,046
Right-of-use assets	8	690,964	717,391
Deferred tax asset		-	174,705
Total non-current assets		<u>14,434,118</u>	<u>11,938,142</u>
Total assets		<u>21,669,864</u>	<u>20,693,693</u>
Liabilities			
Current liabilities			
Trade and other payables	9	539,377	605,247
Lease liabilities	10	217,849	195,022
Income tax payable		139,835	70,021
Employee benefits		384,625	388,556
Total current liabilities		<u>1,281,686</u>	<u>1,258,846</u>
Non-current liabilities			
Lease liabilities	10	474,491	520,810
Deferred tax liability		242,335	-
Employee benefits		303,940	78,907
Total non-current liabilities		<u>1,020,766</u>	<u>599,717</u>
Total liabilities		<u>2,302,452</u>	<u>1,858,563</u>
Net assets		<u>19,367,412</u>	<u>18,835,130</u>
Equity			
Issued capital	11	2,910,929	2,973,619
Reserves		187,181	80,189
Retained earnings		16,269,277	15,781,312
Equity attributable to the owners of Microequities Asset Management Group Limited		<u>19,367,387</u>	<u>18,835,120</u>
Non-controlling interest		25	10
Total equity		<u>19,367,412</u>	<u>18,835,130</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Microequities Asset Management Group Limited
 Consolidated statement of changes in equity
 For the half-year ended 31 December 2022



Consolidated	Issued capital \$	Reserves \$	Retained earnings \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2021	2,269,844	1,343,807	16,360,371	10	19,974,032
Profit after income tax expense for the half-year	-	-	13,596,590	112,684	13,709,274
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	13,596,590	112,684	13,709,274
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	44,976	-	-	44,976
Share buy-back	(169,371)	-	-	-	(169,371)
Distribution of profits to non-controlling interest	-	-	-	(112,684)	(112,684)
Dividends paid (note 12)	-	-	(6,594,951)	-	(6,594,951)
Balance at 31 December 2021	<u>2,100,473</u>	<u>1,388,783</u>	<u>23,362,010</u>	<u>10</u>	<u>26,851,276</u>

Consolidated	Issued capital \$	Reserves \$	Retained earnings \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	2,973,619	80,189	15,781,312	10	18,835,130
Profit after income tax expense for the half-year	-	-	3,160,294	158,070	3,318,364
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	3,160,294	158,070	3,318,364
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	106,992	-	-	106,992
Share buy-back (note 11)	(59,736)	-	-	-	(59,736)
Changes to treasury shares (note 11)	(2,954)	-	-	-	(2,954)
Contributions of equity by non-controlling interest	-	-	-	15	15
Distribution of profits to non-controlling interest	-	-	-	(158,070)	(158,070)
Dividends paid (note 12)	-	-	(2,672,329)	-	(2,672,329)
Balance at 31 December 2022	<u>2,910,929</u>	<u>187,181</u>	<u>16,269,277</u>	<u>25</u>	<u>19,367,412</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Consolidated	
Note	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	5,504,082	20,677,931
Payments to suppliers and employees (inclusive of GST)	(2,391,447)	(3,748,250)
Dividends and distributions received	3,936	702,980
Interest received	36,394	6,825
Interest and other finance costs paid	(5,311)	(1,254)
Income taxes paid	(689,856)	(4,378,652)
	<u>2,457,798</u>	<u>13,259,580</u>
Cash flows from investing activities		
Payments for investments	(500,000)	(3,250,000)
Proceeds from disposal of investments	-	250,000
Proceeds from release of security deposits	240,329	-
	<u>(259,671)</u>	<u>(3,000,000)</u>
Cash flows from financing activities		
Contributed capital by non-controlling interest	15	-
Repayments under loan funded share plan	11 27,025	-
Payments for share buy-backs	11 (59,736)	(169,371)
Dividends paid	12 (2,672,329)	(6,594,951)
Distribution of profits to non-controlling entity	(158,070)	(112,684)
Repayment of lease liabilities	(99,855)	(106,115)
	<u>(2,962,950)</u>	<u>(6,983,121)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(764,823)	3,276,459
Cash and cash equivalents at the beginning of the financial half-year	6,728,635	11,816,005
Cash and cash equivalents at the end of the financial half-year	<u>5,963,812</u>	<u>15,092,464</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Microequities Asset Management Group Limited as a Group consisting of Microequities Asset Management Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Microequities Asset Management Group Limited's functional and presentation currency.

Microequities Asset Management Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3105, Level 31 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2022 and are not expected to have any significant impact for the full financial year ending 30 June 2023.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

The main business activities of the Group are the provision of funds management services. The Board of Directors is identified as the Chief Operating Decision Maker ('CODM'), and it considers the performance of the main business activities on an aggregated basis to determine the allocation of resources.

Other activities undertaken by the Group, including investing activities, are incidental to the main business activities.

Based on the internal reports that are used by the CODM, the Group has one operating segment being the provision of funds management services with the objective of offering investment funds to wholesale and sophisticated investors. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and is therefore not duplicated for the purposes of segment disclosure. The Group operates only in Australia and information on revenue from products and services is included in note 4.

The information reported to the CODM is on a monthly basis.

Note 4. Revenue from contracts with customers

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Management fees	4,782,171	5,014,376
Performance fees	135,873	13,352,221
Other revenue	101,417	37,350
	<u>5,019,461</u>	<u>18,403,947</u>

Disaggregation of revenue

All revenue is generated in Australia and revenue is recognised over time.

Note 5. Other income and gains on investments

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Dividends and distributions	40,637	721,459
Unrealised gain on investments	1,624,490	1,082,856
Realised loss on investments	-	(7,050)
	<u>1,665,127</u>	<u>1,797,265</u>

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Trade receivables	888,573	867,407
Other receivable	5,326	9,167
Trust distribution receivable	18,591	554,508
Interest receivable	11,084	1,176
	<u>923,574</u>	<u>1,432,258</u>

Note 7. Financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Investment in unlisted Australian unit trusts - designated at fair value through profit or loss	<u>13,743,154</u>	<u>11,046,046</u>

Refer to note 13 for further information on fair value measurement.

Note 8. Right-of-use assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Right-of-use assets	1,520,501	1,444,138
Less: Accumulated depreciation	<u>(829,537)</u>	<u>(726,747)</u>
	<u>690,964</u>	<u>717,391</u>

The Group leases office premises under an operating lease expiring in December 2025. The lease has various escalation clauses. On renewal, the terms of the lease are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Office premises \$
Balance at 1 July 2022	717,391
Additions	76,363
Depreciation expense	<u>(102,790)</u>
Balance at 31 December 2022	<u>690,964</u>

Note 9. Trade and other payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	101,340	185,072
Accruals and other payables	<u>438,037</u>	<u>420,175</u>
	<u>539,377</u>	<u>605,247</u>

Note 10. Lease liabilities

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>217,849</u>	<u>195,022</u>
<i>Non-current liabilities</i>		
Lease liability	<u>474,491</u>	<u>520,810</u>
	<u>692,340</u>	<u>715,832</u>

Note 11. Issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	133,519,793	133,616,429	4,592,514	4,652,250
Less: Treasury shares	<u>(2,836,583)</u>	<u>(2,836,583)</u>	<u>(1,681,585)</u>	<u>(1,678,631)</u>
	<u>130,683,210</u>	<u>130,779,846</u>	<u>2,910,929</u>	<u>2,973,619</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2022	133,616,429	4,652,250
Share buy-back	21 September 2022	(48,368)	(31,954)
Share buy-back	2 November 2022	<u>(48,268)</u>	<u>(27,782)</u>
Balance	31 December 2022	<u>133,519,793</u>	<u>4,592,514</u>

Movements in Treasury shares

Details	Date	Shares	\$
Balance	1 July 2022	(2,836,583)	(1,678,631)
Repayment of loan		-	27,025
Other changes		<u>-</u>	<u>(29,979)</u>
Balance	31 December 2022	<u>(2,836,583)</u>	<u>(1,681,585)</u>

Share buy-back

During the financial half-year, the Company bought back 96,636 shares at the cost of \$59,736. The buy-back program is expected to expire on 24 October 2023.

Note 12. Dividends

Dividends paid or payable during the financial half-year were as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Final dividend for the year ended 30 June 2022 of 2.0 cents per ordinary share (2021: 5.0 cent)	<u>2,672,329</u>	<u>6,594,951</u>

On 10 February 2023, the directors declared a fully franked interim dividend for the year ending 30 June 2023 of 1.8 cents per ordinary share, to be paid on 6 March 2023 to eligible shareholders on the register on 16 February 2023. This equates to a total estimated distribution of \$2,352,298, based on the number of ordinary shares on issue as at 31 December 2022. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2022 financial statements and will be recognised in subsequent financial statements.

Note 13. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investment in unlisted Australian unit trusts	-	11,757,491	1,985,663	13,743,154
Total assets	-	11,757,491	1,985,663	13,743,154

Consolidated - 30 Jun 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investment in unlisted Australian unit trusts	-	9,017,038	2,029,008	11,046,046
Total assets	-	9,017,038	2,029,008	11,046,046

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and 3

Investments in unlisted Australian unit trusts (level 2)

The investments are recorded at fair value determined on the basis of the published unit prices of those unlisted managed investment funds at the reporting date, adjusted where deemed appropriate, to reflect values based on recent actual market transactions.

Investments in unlisted Australian unit trusts (level 3)

The balance disclosed in level 3 fair value hierarchy relates to a unitholding in a fund acquired during the previous financial year for which Microequities Asset Management Pty Limited is the trustee. The number of units held by the Group is approximately 3% of the fund. The fund's portfolio is comprised of cash, listed securities, convertible notes and unlisted private securities. The fund is a close ended fund which had been set up during the previous financial year. Level 3 investments have been valued using a discounted cash flow model.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Investment in unlisted Australian unit trusts \$
Balance at 1 July 2022	2,029,008
Losses recognised in profit or loss	<u>(43,345)</u>
Balance at 31 December 2022	<u><u>1,985,663</u></u>

Note 14. Earnings per share

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Profit after income tax	3,318,364	13,709,274
Non-controlling interest	<u>(158,070)</u>	<u>(112,684)</u>
Profit after income tax attributable to the owners of Microequities Asset Management Group Limited	<u>3,160,294</u>	<u>13,596,590</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	130,737,294	129,793,258
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	787,200	497,390
Performance rights over ordinary shares	<u>695,153</u>	<u>1,864,945</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>132,219,647</u>	<u>132,155,593</u>
	Cents	Cents
Basic earnings per share	2.42	10.48
Diluted earnings per share	2.39	10.29

The weighted average number of ordinary shares for half-year ended 31 December 2022 does not include 2,836,583 treasury shares (31 December 2021: 2,057,544).

Note 15. Events after the reporting period

Apart from the dividend declared as disclosed in note 12, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Leslie Szekely
Chairman



Carlos Gil
Chief Executive Officer

10 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Microequities Asset Management Group Limited

Report on the Half-Year Financial Report

Conclusion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

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

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

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 10 February 2023