

Hancock & Gore Limited

ASX: HNG

Appendix 4D Preliminary Half-year Report Half-year 31 March 2023

Reporting period: 31 March 2023
Previous corresponding period: 31 March 2022

Results for announcement to the market

				Current Period \$'000	Previous Period \$'000
Revenues from ordinary activities	Up	419%	TO	4,160	802
Profit from ordinary activities after tax attributable to members	Down	11%	TO	2,204	2,473
Net profit for the period attributable to members	Down	11%	TO	2,204	2,473
Earnings per share (cents per share)	Down	17%	TO	1.0	1.2
Net tangible assets per share (cents per share)	Up	2%	TO	28.5	28.0

Explanation of results

Result for the period and comparison to the prior period reflects the strategic repositioning of Hancock & Gore Limited (H&G) as a more diversified enterprise. The transition commenced in the FY 21 financial year and is continuing. In particular, the result includes significant contribution from funds management, interest bearing investments, strategic ASX listed investments, dividends and property income. This will continue going forward with increased resources and asset allocations.

Notably the results do not include any uplift in investment valuations of any core private equity holdings. This is in contrast to the prior period where revaluation of private equity investments contributed \$2.6 million to earnings. Core private equity holdings of Mountcastle and Disruptive Packaging are pursuing their strategic plans and making good progress which will likely be the catalyst for a potential uplifted investment valuation in the second half.

Dividends

A final dividend of 1 cent per share, in respect of the year ended 30 September 2022, was paid on 12 December 2022.

The Directors have resolved to declare a 0.5 cents per share fully franked interim dividend in relation to the period ended March 31, 2023. The interim dividend will have a record date of 30 May 2023 and will be paid on 13 June 2023. On 15 September 2022, directors declared a fully franked dividend of 1.0 cent in relation to the previous corresponding period which comprised of 0.5 cents interim dividend and 0.5 cents special dividend paid on 30 September 2022.

Changes in controlled entities

H&G reports as an investment entity, in accordance with the accounting standards. Accordingly, only those controlled entities whose main purpose and activities relate to the investment activities of the group are consolidated, and other controlled entities are instead shown as investments held at fair value.

There were no controlled entities added to the investment entity during the period.

On 1 March 2023, the Company disposed of its interest in HGL Logistics Pty Limited.

Audit

This report is based on accounts which have been reviewed by the Auditors. There has been no dispute or qualification in relation to these accounts or this report.

Directors' Report

Your directors present their report on the consolidated entity ("H&G" or the "Group") consisting of Hancock & Gore Ltd (the "Company") and the investment entities it controlled at the end of, or during, the half-year ended 31 March 2023.

Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are set out below.

Alexander (Sandy) Beard;
Kevin Eley;
Joseph Constable;

Angus Murnaghan (appointed on 23 February 2023;
Peter Miller (retired on 31 December 2022); and
Cheryl Hayman (retired on 7 March 2023).

Principal activities

The principal activities of the Group are to deliver superior long-term investment returns by investing in diversified asset categories, including listed and unlisted equities, funds management, private equity investments and direct property. H&G aims to provide active support to those investee companies in which it holds a significant equity stake as an aligned partner to enhance investment returns and objectives.

Operating and Financial Review

In the period since September 2022, H&G continued to invest in and attract new talent to its investment team. The Group continued to build upon its diversified investment management platform so that it can continue to grow both its balance sheet and external funds under management.

In the previous financial year, the team's focus was on portfolio rationalisation. H&G exited its 70% interest in Pegasus Healthcare that provided a timely cash injection to the H&G balance sheet to exploit opportunities presented from the global economic volatility arising from rapid interest rate rises. During the current financial period, H&G has deployed capital into new high-yielding debt instruments and increased its property ownership interests. H&G maintains its pro-active engagement to enhance the value of existing investee companies. H&G identified external funds management as a key growth pillar, and in the current period to date, continues to drive strategies to generate sustainable, capital light management and performance fee revenue. H&G is actively exploring inorganic FUM growth strategies across the various asset classes identified where it can add value.

Key highlights in the current period include:

- Net profit after tax for the six months ended 31 March 2023 of \$2.2 million;
- Underlying net profit after tax for the current period of \$3.3 million (Refer Note 3);
- Net tangible assets at 31 March 2023 of \$63.5 million, or 28.5 cents per share;
- Fully franked Interim dividend of 0.5 cents per share declared will be paid to shareholders on 13 June 2023. Fully franked final dividend of 1.0 cents per share in relation to the year ended 30 September 2022 was paid on 12 December 2022;
- Over 55% growth in the funds under management driven by strong performance of H&G High Conviction Limited (ASX:HCF) and inclusion of the Hyde Road trust;
- Continued development of and growth in the valuations of key private equity investments; and
- Progression of M&A activity for key portfolio investments.

H&G reports a statutory net profit after tax for the period of \$2.2 million (31 March 2022: \$2.5 million) which included net fair value loss of \$30,000 (31 March 2022: fair value gain of \$3.2 million). The fair value gains for the prior period mainly included value enhancement to the Pegasus and Provider Choice/ T-Shirt Ventures investments.

Strong EBIT performance of Mountcastle generated \$2.5 million of dividends to H&G for the half year ended 31 March 2023.

In order to drive value for H&G investee companies and shareholders, H&G continues to actively engage with managers of its investments to grow revenues and profitability, and to drive strategic corporate and capital management opportunities.

Operating and Financial Review (continued)

The Group continues to analyse investment opportunities across several asset classes, including listed and unlisted equities, commercial property and debt financing.

Net Tangible Assets (NTA) as at 31 March 2023 increased to \$63.5 million or 28.5 cents per share (31 March 2022: \$62.1 million or 28.0 cps).

H&G also holds approximately \$18 million in carried forward revenue losses and \$29 million in carried forward capital losses, calculated as at 31 March 2023, that, subject to utilisation rules, are available to offset tax on realisations of existing unrealised gains and future profits. Further, H&G retains in excess of \$8 million in franking credits.

Outlook

Following a strong finish to FY22, and with a balance sheet capable of taking advantage of the opportunities available to the Company, in addition to the growth in external funds under management, the Directors are confident that H&G's investment strategy will support solid future returns.

The Board's focus remains on the continued efficient management and repositioning of the existing investment portfolio and cash resources, in pursuit of the broader investment strategy previously outlined to shareholders at the recent Annual General Meeting.

The Board considers it premature at this juncture to provide guidance in relation to performance for the full FY23 financial year.

Significant changes in the state of affairs

There have been no other significant changes in the state of affairs of the Group during the period other than those referred to in the Operating and Financial Review and the financial statements.

Events since the end of the reporting period

H&G High Conviction Limited (ASX:HCF), successfully raised approximately \$2.75 million in new equity via a placement at \$1.04 per share in May 2023.

H&G increased its ownership in the Hyde Road Trust to 76% in April 2023.

On 23 May 2023, Directors resolved to declare a fully franked interim dividend of 0.5 cents per share payable on 13 June 2023.

There have been no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Likely developments and expected results of operations

Likely developments in the operations of the Group are detailed in the Operating and Financial Review and Events subsequent to balance date.

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 on page 4.

Rounding of amounts

The Company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of directors.



Alexander (Sandy) Beard
Director

Sydney

23 May 2023

**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of Hancock and Gore Limited

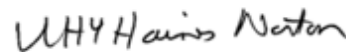
I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 March 2023, there have been:

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

This declaration is in respect of Hancock and Gore Limited and the entities it controlled during the financial period.



Mark Nicholaeff
Partner
Sydney
Dated: 23 May 2023



UHY Haines Norton
Chartered Accountants

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2023**

	Consolidated entity	
	31 March 2022 \$'000	31 March 2022 \$'000
Dividend income	2,914	213
Finance income	411	308
Funds management and other fee revenue	835	281
Revenue from continuing operations	4,160	802
Fair value gains on financial assets at fair value through profit or loss	(30)	3,269
Other income	175	211
Employee benefits expense	(1,024)	(727)
Other expenses	(802)	(664)
Share based payment expenses	(181)	(181)
Depreciation and amortisation expense	(91)	(122)
Finance costs	(3)	(12)
Profit from continuing operations before income tax	2,204	2,576
Income tax expense/ benefit	-	(103)
Profit from continuing operations for the period	2,204	2,473
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	2,204	2,473
Profit is attributable to:		
Owners of Hancock & Gore Ltd	2,204	2,473
Total comprehensive income for the period is attributable to:		
Owners of Hancock & Gore Ltd	2,204	2,473
Earnings per share attributable to the ordinary equity holders of the Company:		
	Cents	Cents
Basic earnings per share	1.0	1.2
Diluted earnings per share	0.9	1.1

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet as at 31 March 2023

	Notes	Consolidated entity	
		31 March 2023 \$'000	30 September 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		5,105	13,508
Trade and other receivables		505	1,367
Related party receivables		772	1,295
Prepayments		21	113
Financial assets at fair value through profit and loss	5	15,894	11,098
Financial assets at amortised cost	5	507	503
Total current assets		22,804	27,884
Non-current assets			
Property, plant and equipment		1	39
Right-of-use assets		-	206
Intangible assets		712	712
Financial assets at fair value through profit and loss	5	33,845	32,689
Financial assets at amortised cost		7,300	3,650
Total non-current assets		41,858	37,296
Total assets		64,662	65,180
Liabilities			
Current liabilities			
Trade and other payables		277	667
Related party payables		-	60
Lease liabilities		-	262
Provisions		120	60
Total current liabilities		397	1,049
Non-current liabilities			
Lease liabilities		-	23
Provisions		47	34
Total non-current liabilities		47	57
Total liabilities		444	1,106
Net assets		64,218	64,074
EQUITY			
Share capital	6	72,623	72,623
Reserves		19,595	19,451
Accumulated losses		(24,651)	(24,651)
Other components of equity		(3,349)	(3,349)
Total equity		64,218	64,074

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the period ended 31 March 2023

Consolidated entity

	Issued capital	Profit reserve	Option reserve	Employee share scheme reserve	Other reserves	Accumulated Losses	Other components of equity	Attributable to owners of Hancock & Gore Ltd	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the Half-Year ended 31 March 2023:										
Balance at 1 October 2022	72,623	17,181	1,296	709	265	(24,651)	(3,349)	64,074	-	64,074
Profit for the half-year	-	-	-	-	-	2,204	-	2,204	-	2,204
Total comprehensive income for the half-year	-	-	-	-	-	2,204	-	2,204	-	2,204
<i>Transactions with owners in their capacity as owners:</i>										
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Costs associated with issue of shares	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	(2,241)	-	-	-	-	-	(2,241)	-	(2,241)
Share based payments	-	-	-	181	-	-	-	181	-	181
	-	(2,241)	-	181	-	-	-	(2,060)	-	(2,060)
Transfer to profit reserve		2,204				(2,204)				
Balance at 31 March 2023	72,623	17,144	1,296	890	265	(24,651)	(3,349)	64,218	-	64,218
For the Half-Year ended 31 March 2022:										
Balance at 1 October 2021	58,274	15,599	1,296	348	265	(24,651)	(3,349)	47,782	-	47,782
Profit for the half-year	-	-	-	-	-	2,473	-	2,473	-	2,473
Total comprehensive income for the half-year	-	-	-	-	-	2,473	-	2,473	-	2,473
<i>Transactions with owners in their capacity as owners:</i>										
Issue of share capital	15,000	-	-	-	-	-	-	15,000	-	15,000
Costs associated with issue of shares	(801)	-	-	-	-	-	-	(801)	-	(801)
Dividends paid	-	(1,777)	-	-	-	-	-	(1,777)	-	(1,777)
Share based payments	-	-	-	181	-	-	-	181	-	181
	14,199	(1,777)	-	181	-	-	-	12,603	-	12,603
Balance at 31 March 2022	72,473	13,822	1,296	529	265	(22,178)	(3,349)	62,858	-	62,858

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the period ended 31 March 2023

		Consolidated entity	
	Notes	31 March 2023 \$'000	31 March 2022 \$'000
Cash flows from operating activities			
Receipts from customers		692	580
Payments to suppliers and employees		(2,035)	(1,293)
Interest received		407	121
Dividends received		2,028	163
Interest paid		(4)	(9)
Net cash outflow from operating activities		1,088	(438)
Cash flows from investing activities			
Proceeds from disposals of investments		7,776	16,249
Purchase of investments		(10,780)	(18,544)
Loans provided		(4,129)	(5,000)
Net cash outflow from investing activities		(7,133)	(7,295)
Cash flows from financing activities			
Proceeds from issue of shares before issue costs	6	-	15,000
Share issues costs	6	-	(801)
Dividends paid		(2,241)	(1,777)
Payment of lease liabilities		(130)	(118)
Loans from related parties		13	88
Net cash inflow from financing activities		(2,358)	12,392
Net (decrease) increase in cash and cash equivalents		(8,403)	4,659
Cash and cash equivalents at the beginning of the half-year		13,508	7,367
Cash and cash equivalents at end of the half-year		5,105	12,026

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

This condensed consolidated Interim Financial Report for the half-year reporting period ended 31 March 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this Report is to be read in conjunction with the Annual Report for the year ended 30 September 2022 and any public announcements made by Hancock & Gore Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment information

Since the change of status to an Investment Entity, the Group operates as a single segment, "Investing", and there are no separate reportable operating segments.

3 Profit and loss information

Significant Profit and loss items

The Group has identified items which may be considered significant for providing a better understanding of the financial performance of the Group, due to their nature and/or amount.

	Consolidated entity	
	31 March	31 March
	2023	2022
	\$'000	\$'000
Profit from continuing operations after income tax	2,204	2,473
<i>Add back:</i>		
Share-based payment expenses in respect of employee share scheme interests	181	181
Depreciation and amortisation expense	91	122
<i>Add (Deduct):</i>		
Net unrealised fair value movements in unlisted financial assets and liabilities	831	(2,662)
Underlying net profit after tax	3,307	114

Net unrealised fair value movements on unlisted financial assets and liabilities includes the unrealised (non-cash) movements in the aggregated value of the portfolio of unlisted investments and any movement in the value of derivative financial instruments.

The Directors consider that the inclusion of the underlying net profit after tax measure of performance provides shareholders with a guide to the operating performance and the cash generation performance of the Group.

This profit measure will be a key input for the Board when considering the declaration of future dividends.

More information regarding valuations can be found in note 5.

4 Dividends

a) Dividends paid during the 6-month period:

	31 March 2023 \$'000	31 March 2022 \$'000
Fully franked final dividend of 1.0 cents per share for the year ended 30 September 2022 paid on 12 December 2022	2,253	-
Fully franked final dividend of 1.0 cents per share for the year ended 30 September 2021 paid on 3 December 2021	-	1,789
Total dividends	<u>2,253</u>	<u>1,789</u>
Amounts retained on employee loan funded share plans	(12)	(12)
Dividends paid	<u>2,241</u>	<u>1,777</u>

b) Dividends proposed but not recognised as a liability as at 31 March 2023:

	31 March 2023 \$'000	31 March 2022 \$'000
Fully franked interim dividend of 0.5 cents per share for the 6-month period ended 31 March 2023 payable on 13 June 2023 (No dividend liability was recognised as at 31 March 2022. Subsequently, on 15 September 2022, directors declared a 1.0 cent fully franked dividend in relation to the 6-month period ended 31 March 2022 was paid on 30 September 2022).	1,127	-

5 Financial assets and financial liabilities

	Consolidated entity	
	31 March 2023 \$'000	30 September 2022 \$'000
Financial assets at fair value through profit and loss:		
Current assets		
Listed equities	15,894	10,722
Unlisted shares	-	376
	<u>15,894</u>	<u>11,098</u>
Non-current assets		
Unlisted shares	33,845	31,114
Convertible note securities	-	1,575
	<u>33,845</u>	<u>32,689</u>
Total financial assets at fair value	<u>49,739</u>	<u>43,787</u>
Financial assets at amortised cost:		
Current assets		
Term deposit	202	202
Loans receivable	305	301
	<u>507</u>	<u>503</u>
Non-current assets		
Loan receivables	7,300	3,650
	<u>7,807</u>	<u>4,153</u>

Fair value measurements of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between the levels of the fair value hierarchy in the six months to 31 March 2023.

Financial assets and financial liabilities

Assets and liabilities at fair value by hierarchy

Consolidated entity – as at 31 March 2023

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed equities	15,894	-	-	15,894
Unlisted shares	-	-	33,845	33,845
Total financial assets at fair value	15,894	-	33,845	49,739

Fair value measurements using significant unobservable inputs (level 3)

Specific valuation techniques

Specific valuation techniques used to determine fair values of level 3 assets include:

- financial assets are initially valued at cost where those investments have been made in close proximity to balance date, and the investment opportunity is determined to have been at arms-length as part of a broader capital raising approach by the investee;
- shares in unlisted entities with a history of generating profits have been subsequently revalued based on a capitalisation of future maintainable earnings methodology, having regard to observable comparable transactions or quoted prices for similar enterprises;
- shares in unlisted entities where a sale price has been agreed and deferred consideration receivable have been valued based on a discounted cash flow for the expected amounts and timing of receipts;
- derivative financial assets and liabilities are valued using option pricing modelling;
- valuations of all financial assets and liabilities are finally cross-checked in light of any subsequent specific valuation information arising, including:
 - latest pricing inherent in capital raising activity by an investee company;
 - latest pricing inherent in actual or proposed transactions in the financial instruments of an investee company; and
 - changes in circumstances affecting the investee company.

Valuation processes

Key level 3 inputs used by the Group in measuring the fair value of financial instruments have been derived and evaluated as follows:

- Future maintainable earnings: these are assessed based on historical earnings performance and board approved budgets and forecasts, after adjusting for non-recurring or significant one-off items, and typically are only up to 12 months in advance
- Capitalisation rates: these are determined using a comparator group of publicly available transactions, adjusted for relevant factors such as control premiums or minority discounts, liquidity discounts and market size.

Financial assets and financial liabilities

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the material significant unobservable inputs used in level 3 fair value measurements for the unlisted shares as at 31 March 2023:

Investment	Valuation \$'000's	Basis of Valuation	Material Unobservable Inputs	Inputs Used	Relationship of unobservable inputs to fair value
Mountcastle Group (49% interest)	20,000	Capitalisation of future maintainable earnings, adjusted for net debt and surplus assets.	Future maintainable earnings	\$9.0m	+/- 10% change would result in a change in fair value of +/- \$2.3m
			Capitalisation multiple	4.5x	A change in the multiple of +/- 0.5x would result in a change in fair value of +/- \$2.2m
Disruptive Packaging Trust (65.54% Interest)	5,340	Net asset backing reflecting conversion value of investment instrument.	Conversion valuation of underlying operating business	\$45m	A 10% decrease would have \$nil effect on fair value due to a ratchet mechanism on conversion in the instrument. A 10% increase would increase valuation by \$0.5m
T-Shirt Ventures (<5%)	2,000	Monte Carlo simulation of equity valuation using conversion price mechanism in capital raising.	Volatility	100%	A change of the Volatility % to 120% or 80% would result in a change in fair value of +/- \$0.5m
			Time to conversion	3 years	Changing the time by +/- 1 year would result in a change in fair value of +/- \$0.3m
QRT Finance Trust (<5%)	2,162	Net asset backing reflecting carrying value of investment instrument and income and profit participation entitlements	Future profit participation.	\$Nil	A \$2.0 million profit participation entitlement would increase the valuation by \$0.1m

SPOS Group (100% interest)	362	Discounted cash flow value of expected receipts under option deed. (1)	Discount rate	5%	Increasing the rate by +/- 5% would result in a change in fair value of +/- \$0.1m
Hyde Road Trust (73% interest)	3,981	Net asset backing reflecting carrying value of investment	Valuation of Underlying property	\$10m	A +/-10% increase would result in a change in fair value by +/- \$0.7m
Total	33,845				

(1) Included within related party receivables is an additional amount of \$772,000 that must be repaid for the option to be exercised.

6 Equity securities

Ordinary shares

	For the half-year ended 31 March 2023		For the year ended 30 September 2022	
	Shares	\$'000	Shares	\$'000
Balance at beginning	225,362,325	72,623	178,907,789	58,274
Issued under capital raising - tranche 1	-	-	22,451,514	7,409
Issued under capital raising - tranche 2	-	-	23,003,022	7,591
Costs associated with capital raising	-	-	-	(801)
Options exercised			1,000,000	150
Balance at end	225,362,325	72,623	225,362,325	72,623

No new shares were issued during the 6-month period ended 31 March 2023.

(Year ended 30 September 2022: H&G raised \$7.41 million before costs from the issue of 22,451,514 shares on 25 November 2021 through the initial private placement and a further \$7.59m raised through the issue of 23,003,022 shares on 10 February 2022. On 16 September 2022, H&G issued 1,000,000 new shares upon the exercise of 1,000,000 options at 15 cents per share).

Included within the shares on issue at 31 March 2023 are 2,328,125 shares (31 March 2022: 2,328,125 shares) held under the Company's Employee Loan Funded Share Plan.

Options

On 24 February 2021, the Company issued 8,000,000 options to various parties who had participated in the private placement announced on 21 October 2020.

Each option grants the holder the right to subscribe for 1 fully paid ordinary share in exchange for 15.0 cents cash, at any point prior to 24 February 2024. The options hold no voting or dividend rights.

As at 31 March 2023, 7,000,000 of the options remain unexercised.

The options are included in the calculation of Diluted Earnings Per Share.

Performance Rights

The Company has granted 13,500,000 performance rights in total to two employees. The rights hold no voting or dividend rights. The rights granted to each employee are split into 3 equal tranches which vest on the 3rd, 4th and 5th anniversary of the employee's commencement date (being May/June of each of 2024, 2025 and 2026 respectively). Upon vesting, each eligible right will convert to one fully paid ordinary share. Vesting of each tranche of rights is subject to Total Shareholder Returns (TSR) on the Company's shares, calculated on a compounding basis from a starting point of 20 cents per share.

Vesting, subject to Board discretion, is calculated in line with the following table:

TSR	Vesting Amount
Up to 10%	Nil Rights
Between 10% and 15%	Pro rata between nil and 50% of Rights
At 15%	50% of Rights
Between 15% and 25%	Pro rata between 50% and 100% of Rights
25% and above	100% of Rights

No performance rights were exercised or lapsed during the half year ended 31 March 2023.

The performance rights are included in the calculation of Diluted Earnings Per Share.

7 Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities:

	Consolidated entity	
	31 March	31 March
	2023	2022
	\$'000	\$'000
Profit for the period	2,204	2,473
Adjustments for:		
Depreciation and amortisation	91	122
Share based payments	181	181
Capitalised interest	(4)	(175)
Mountcastle in specie distribution	(966)	-
Net (gains)/ losses on assets and liabilities at fair value through profit or loss	30	(3,269)
Change in operating assets and liabilities, net of impact of changes to consolidated entities:		
(Increase)/ decrease in trade and other receivables	(95)	35
(Increase)/ decrease in other operating assets		115
(Increase)/ decrease in tax assets	-	103
Increase/ (decrease) in trade and other payables	(424)	69
Increase/ (decrease) in other provisions	71	(92)
Net cash inflow/ (outflow) from operating activities	1,088	(438)

8 Business combinations

H&G reports as an investment entity, in accordance with the accounting standards. Accordingly, only those controlled entities whose main purpose and activities relate to the investment activities of the group are consolidated, and other controlled entities are instead shown as investments held at fair value.

There were no controlled entities added to the investment entity during the 6-month period ended 31 March 2023 (6-month period ended 31 March 2022: Nil).

During the 6-month period ended 31 March 2023, the company disposed of HGL Logistics Pty Ltd which was a consolidated controlled entity (6-month period ended 31 March 2022: On 2 November 2021, the Company completed the disposal of BLC Cosmetics Pty Limited).

9 Events occurring after the reporting period

H&G High Conviction Limited (ASX: HCF), successfully raised approximately \$2.75 million in new equity via a placement at \$1.04 per share in May 2023.

H&G increased its ownership in the Hyde Road Trust to 76% in April 2023.

On 23 May 2023, Directors declared a fully franked interim dividend of 0.5 cents per share payable on 13 June 2023

There have been no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Hancock & Gore Ltd will be able to pay its debts as and when they become due and payable.

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



Alexander (Sandy) Beard
Director

Sydney
23 May 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hancock and Gore Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hancock and Gore Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

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 Hancock and Gore Limited 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 March 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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


Responsibility of the Directors for the 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that 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 Company's financial position as at 31 March 2023 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.

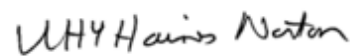


Mark Nicholaeff

Partner

Sydney

Dated: 23 May 2023



UHY Haines Norton

Chartered Accountants