



Appendix 4D

Preliminary Final Report

Half-year ended 31 March 2024

Results for announcement to the market

	Movement %	2024 \$'000	2023 \$'000
Revenues from ordinary activities	Up 4.7%	4,539	4,335
Profit from ordinary activities after tax attributable to members	Up 78.4%	3,932	2,204
Net profit for the period attributable to members	Up 78.4%	3,932	2,204
	%	cps	cps
Earnings per share	Up 50.0%	1.5	1.0
Net tangible assets per share	Up 13.7%	32.4	28.5

Explanation of results

Result for the period and comparison to the prior period reflects the growth of Hancock & Gore Limited's (H&G's) diversified investment activities including completing acquisition of Mountcastle shareholdings to move from 49.4% to 100% ownership. The result includes significant contributions from Mountcastle dividends of \$3 million, revenue from funds management fees and interest bearing investments of \$1 million and gains from strategic ASX listed investments of \$2 million.

As outlined in H&G's ASX announcements, the board is comfortable with the carrying value of Mountcastle with the acquisition of remaining shareholdings completed in March 2024. Consistent with prior periods H&G will commission independent valuation exercises for Mountcastle and other key unlisted assets to inform carrying valuations in its audited full year financials.

Dividends

A final dividend of 1.0 cent per share, in respect of the year ended 30 September 2023, was paid on 21 December 2023.

The Directors have resolved to declare a 1.0 cent per share fully franked interim dividend in relation to the period ended 31 March 2024. The interim dividend will have a record date of 6 June 2024 and will be paid on 13 June 2024.

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.

HNG completed the acquisition of Mountcastle Pty Ltd (Mountcastle) on the 1 March 2024. Through the acquisition of Mountcastle, HNG gained control of Mountcastle's wholly owned subsidiaries LW Reid Pty Ltd, Trutex Pty Ltd and 74% interest in Stateman Hats (Pvt) Ltd. Mountcastle and its controlled subsidiaries are accounted as investee companies and are not consolidated into these financial statements. Dividend income for the half year from the Mountcastle group amounted to \$3 million (2023: \$2.5 million).

On 3 November 2023, HNG disposed of its 76% interest in Hyde Road Trust as partial consideration for the acquisition of Mountcastle. Current half year income from the Hyde Road Trust amounted to \$77,000 (2023: \$109,000).





Contents

1	Director's Report	3
	Directors	3
	Principal activities	3
	Operating and Financial Review	3
	Outlook	4
	Significant changes in state of affairs	4
	Events since the end of the reporting period	4
	Likely developments and expected results of operations	4
	Auditor's independence declaration	4
	Rounding of amounts	4



Important Dates

Interim Dividend

Record date: 6 June 2024
Payment date: 13 June 2024



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.

2	Auditors' Independence Declaration	5
----------	---	----------

3	Financial Report	6
	Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
	Consolidated Balance Sheet	8
	Consolidated Statement of Changes in Equity	9
	Consolidated Statement of Cash Flows	10
	Notes to the Consolidated Financial Statements	11
	Directors' Declaration	20
	Independent Auditor's Review Report	21





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 2024.

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
- Joseph Constable (resigned 30 April 2024)
- Kevin Eley
- Angus Murnaghan
- Steven Doyle (appointed 21 November 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

Since 30 September 2023 H&G has continued to build upon its diversified investment activities which have provided multiple sources of revenue and driven a large increase in profit compared to 1HFY23.

In particular H&G was able to establish a key operating pillar through the acquisition of remaining interests in Mountcastle to achieve 100% ownership. Mountcastle subsequently paid H&G a dividend of \$3 million from its continued cash generation. Mountcastle is now set to be a long-term, growing cashflow contributor for H&G.

During the current financial period, H&G has deployed capital into new strategic listed investments which delivered a 27% total return for the 6-month period and contributed \$2 million profit. This was partially offset by underperformance in H&G’s legacy strategic listed investment Anagenics (\$1 million loss). H&G maintains its pro-active engagement to enhance the value of existing investee companies and create realisation opportunities where appropriate.

H&G also continues to drive strategies to generate sustainable, capital light management and performance fee revenue through funds management activities.

Key highlights in the current period include:

- Net profit after tax for the six months ended 31 March 2024 of \$3.9 million;
- Underlying net profit after tax for the current period of \$3.6 million (Refer Note 2);
- Net tangible assets at 31 March 2024 of \$96.2 million, or 32.4 cents per share;
- Fully franked Interim dividend of 1.0 cent per share declared will be paid to shareholders on 13 June 2024;
- Completing the acquisitions of shareholdings in Mountcastle to move from 49.4% to 100% ownership;
- Receiving \$3 million in dividends from Mountcastle’s continued cash generation;
- Completion of an \$11 million institutional equity placement;
- 27% return for the 6-month period on new strategic listed investments contributing \$2 million profit; and
- Continued development of strategic private and public equity investments and positioning for realisations.



H&G reports a statutory net profit after tax for the period of \$3.9 million (31 March 2023: \$2.2 million) which included net fair value gain of \$2.5 million (31 March 2023: fair value loss of \$30,000). The Group continues to assess investment opportunities across several asset classes, including listed and unlisted equities, property and debt financing. In particular H&G is looking to diversify and expand its cashflow base through the addition of a second operating pillar alongside Mountcastle.

Net Tangible Assets (NTA) as at 31 March 2024 increased to \$96.2 million or 32.4 cents per share (31 March 2023: \$63.5 million or 28.5 cps).

H&G also holds approximately \$19 million in carried forward revenue losses and \$31 million in carried forward capital losses, calculated as at 31 March 2024, 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. Management is in the process of preparing the tax consolidation calculations which may have an impact on the available balance of revenue tax losses.

Outlook

As outlined in H&G's recent ASX announcements and presentations, Mountcastle's own FY24 (June year end) financial results are likely to underperform FY23. H&G is taking a long approach with its move to 100% ownership completed in March 2024. A significant investment is being undertaken to position Mountcastle to execute on its long term objectives. At least 75% of Mountcastle's revenues are from schoolwear sales which is historically a defensive category and should grow through the cycle.

H&G's diversified investment activities aim to provide strong risk adjusted returns regardless of economic conditions and its investment team continues to assess and realise investments, recycling capital to maintain strong returns. H&G is assessing a number of material opportunities which could become its second pillar alongside Mountcastle.

H&G is aiming for its other investment activities to complement Mountcastle's contribution to H&G's FY24 and facilitate continued growth in profit and dividends.

Significant changes in 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

On 21 May 2024, Directors resolved to declare a fully franked interim dividend of 1.0 cent per share payable on 13 June 2024.

H&G invested \$3.3 million to acquire additional shares in H&G High Conviction Ltd (HCF:ASX) during May 2024 increasing its holding from 6.7% to 19.85% as at 15 May 2024.

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 5](#).

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
21 May 2024



Auditor's Independence Declaration

Under Section 307C of the **Corporations Act 2001**

To the Directors of Hancock & 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 2024, 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.

Mark Nicholaeff
Partner

Sydney
Dated: 21 May 2024

UHY Haines Norton
Chartered Accountants





Financial Report



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the period ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
Dividend income		3,244	2,914
Finance income		584	411
Funds management and other fee revenue		711	835
Other income		–	175
Revenue from continuing operations		4,539	4,335
Fair value gains on financial instruments at fair value through profit or loss		2,479	(30)
<i>Administration and other expenses</i>			
Depreciation and amortisation expense		(64)	(91)
Employee benefit expenses		(1,224)	(1,024)
Finance costs		(194)	(3)
Share based payment expenses		(352)	(181)
Other expenses		(731)	(802)
Profit before income tax and acquisition costs		4,453	2,204
Income tax expenses		–	–
Profit after income tax, before acquisition costs		4,453	2,204
Acquisition costs net of tax benefit		(521)	–
Profit from continuing operations after income tax		3,932	2,204
Other comprehensive income, net of tax		–	–
Total comprehensive income from continuing operations attributable to owners of Hancock & Gore Limited		3,932	2,204

	Note	2024 Cents	2023 Cents
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share		1.5	1.0
Diluted earnings per share		1.4	0.9

Consolidated Balance Sheet

as at 31 March 2024

	Note	Mar 2024 \$'000	Sep 2023 \$'000
Assets			
CURRENT ASSETS			
Cash and cash equivalents		11,231	5,644
Trade and other receivables		337	1,245
Prepayments		49	142
Financial assets at fair value through profit and loss	4	15,572	11,858
Financial assets at amortised cost	4	2,000	6,075
Total current assets		29,189	24,964
NON-CURRENT ASSETS			
Property, plant and equipment		12	13
Right-of-use assets		86	150
Intangible assets		712	712
Financial assets at fair value through profit and loss	4	75,771	44,053
Financial assets at amortised cost		336	324
Total non-current assets		76,917	45,252
Total assets		106,106	70,216
Liabilities			
CURRENT LIABILITIES			
Trade and other payables		335	179
Lease liabilities		86	128
Deferred acquisition liability		8,494	–
Provisions		155	580
Total current liabilities		9,070	887
NON-CURRENT LIABILITIES			
Lease liabilities		–	22
Provisions		89	60
Total non-current liabilities		89	82
Total liabilities		9,159	969
Net assets		96,947	69,247
EQUITY			
Share capital	6	99,731	72,623
Reserves		24,951	24,359
Accumulated losses		(27,735)	(27,735)
Total equity		96,947	69,247

Consolidated Statement of Changes in Equity

for the period ended 31 March 2024

	Issued Capital	Profit Reserve	Option Reserve	Employee Share Scheme Reserve	Other Reserves	Accumulated Losses	Other Components of Equity	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the Half-Year ended 31 March 2024								
Balance at 1 October 2023	72,623	21,993	1,296	1,070	–	(27,735)	–	69,247
Profit for the half-year	–	–	–	–	–	3,932	–	3,932
Total comprehensive income for the half-year	–	–	–	–	–	3,932	–	3,932
<i>Transactions with owners in their capacity as owners:</i>								
Issue of Share Capital	26,404	–	–	–	–	–	–	26,404
Costs associated with issues of shares	(592)	–	–	–	–	–	–	(592)
Share based payments in respect of issue of shares	–	–	–	352	–	–	–	352
Dividends paid	–	(2,396)	–	–	–	–	–	(2,396)
Transfers to share capital	1,296	–	(1,296)	–	–	–	–	–
Transfer to profit reserve	–	3,932	–	–	–	(3,932)	–	–
Balance as at 31 March 2024	99,731	23,529	–	1,422	–	(27,735)	–	96,947
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
Profit for the half-year	–	–	–	–	–	2,204	–	2,204
Total comprehensive income for the half-year	–	–	–	–	–	2,204	–	2,204
<i>Transactions with owners in their capacity as owners:</i>								
Issue of Share Capital	–	–	–	–	–	–	–	–
Costs associated with issues of shares	–	–	–	–	–	–	–	–
Share based payments in respect of issue of shares	–	–	–	181	–	–	–	361
Dividends paid	–	(2,241)	–	–	–	–	–	(3,362)
Transfer to profit reserves	–	2,204	–	–	–	(2,204)	(3,349)	–
Balance at 31 March 2023	72,623	17,144	1,296	890	265	(24,651)	(3,349)	64,218

Consolidated Statement of Cash Flows

for the period ended 31 March 2024

	Note	31 March 2024 \$'000	31 March 2023 \$'000
Cash flows from operating activities			
Receipts from customers		1,672	692
Payments to suppliers and employees		(2,649)	(2,035)
Dividends received		3,244	2,028
Interest received		427	407
Interest paid		–	(4)
Net cash inflow from operating activities	7	2,694	1,088
Cash flows from investing activities			
Proceeds from disposals of investments		1,962	7,776
Purchase of investments		(12,184)	(10,780)
Loans provided		–	(4,129)
Loans repaid		4,075	–
Payments for property, plant and equipment		(2)	–
Net cash (outflow) from investing activities		(6,149)	(7,133)
Cash flows from financing activities			
Proceeds from issue of shares and before issue costs	6	12,095	–
Share issues costs	6	(592)	–
Dividends paid		(2,396)	(2,241)
Payment of lease liabilities		(65)	(130)
Loans with related parties		–	13
Net cash inflow/(outflow) from financing activities		9,042	(2,358)
Net increase/(decrease) in cash and cash equivalents		5,587	(8,403)
Cash and cash equivalents at the beginning of the period		5,644	13,508
Cash and cash equivalents at end of the period		11,231	5,105



Notes to the Consolidated Financial Statements

for the half-year ended 31 March 2024

1 Basis of preparation for half-year report

This condensed consolidated Interim Financial Report for the half-year reporting period ended 31 March 2024 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 2023 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 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 2024 \$'000	31 March 2023 \$'000
<i>Profit from continuing operations after income tax</i>	3,932	2,204
<i>Add back</i>		
Share-based payment expenses in respect of employee share scheme interests	352	181
Depreciation and amortization expense	64	91
Acquisition costs	521	–
<i>Add (deduct)</i>		
Net unrealised fair value movements in unlisted financial assets and liabilities	(1,302)	831
Underlying net profit after tax	3,567	3,307



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 4.

3 Segment information

The Group operates as a single segment, "Investing", and there are no separate reportable operating segments.

4 Financial assets and financial liabilities

	Consolidated entity	
	March 2024 \$'000	September 2023 \$'000
<i>Financial assets at fair value through profit and loss:</i>		
Current assets		
Listed equities	15,572	11,858
Unlisted shares	–	–
	15,572	11,858
Non-current assets		
Unlisted shares	73,271	41,553
Fixed income investments	2,500	2,500
	75,771	44,053
Amounts recognised in profit or loss	91,343	55,911
<i>Financial assets at amortised cost:</i>		
Current assets		
Term deposit	–	–
Loan receivables	2,000	6,075
	2,000	6,075
Non-current assets		
Loan receivables	336	324
	2,336	6,399

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 2024.

Assets and liabilities at fair value by hierarchy as at 31 March 2024

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed equities	15,572	–		15,572
Unlisted equities	–	–	73,271	73,271
Fixed income investments	–	–	2,500	2,500
Total financial assets at fair value	15,572	–	75,771	91,343

Fair value measurements using significant unobservable inputs (level 3)

Specific valuation techniques

Specific valuation techniques used to value 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.

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 2024:

Investment	Valuation \$'000	Basis of Valuation	Material Unobservable Inputs	Inputs Used	Relationship of unobservable inputs to fair value
Mountcastle Group (100% interest)	60,700	Capitalisation of future maintainable earnings, adjusted for net debt and surplus assets.	Future maintainable earnings	\$10m – \$11m	+/- 10% change would result in a change in fair value of +/- \$7.9m
			Capitalisation multiple	7.5x	A change in the multiple of +/- 0.5x would result in a change in fair value of +/- \$5.3m
Disruptive Packaging Trust (65.54% interest)	5,339	Net asset backing reflecting conversion value of investment instrument.	Conversion valuation of underlying operating business	\$45m	A +/- 10% change would increase/decrease valuation by +/- \$0.5m
T-Shirt Ventures (<5%)	2,548	Acquisition price of additional preferred equity	Total value of equity	\$29.0m	+/- 10% movement would result in a change in fair value of units by +/- \$0.1m
QRT Finance Trust (<5%)	4,684	Net asset backing reflecting carrying value of investment instrument and income and profit participation entitlement	Future profit participation	\$Nil	A \$2.0 million profit participation entitlement would increase the valuation by \$0.1m
Fixed income investments	2,500	Value at expected redemption amount	n/a	n/a	n/a
Total	75,771				

5 Dividends

a) Dividends paid during the 6-month period:

	31 March 2024 \$'000	31 March 2023 \$'000
Fully franked final dividend of 1.0 cent per share for the year ended 30 September 2023 paid on 21 December 2023 (2023: fully franked final dividend of 1.0 cent per share paid on 12 December 2022)	2,409	2,253
Total dividends	2,409	2,253
Amounts retained on employee loan funded share plans	(13)	(12)
Dividends paid	2,396	2,241

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

	2024 \$'000	2023 \$'000
Fully franked final dividend of 1.0 cent per share for the half-year ended 31 March 2024 payable on 13 June 2024 (2023: fully franked 0.5 cent per share paid on 13 June 2023)	3,245	1,127

6 Equity Securities

a) Ordinary shares

Movement in share capital	2024	2024	2023	2023
	No. of Shares	\$'000	No. of Shares	\$'000
Opening balance	225,362,325	72,623	225,363,325	72,623
Issued under capital raising	30,680,287	11,045	–	–
Acquisition of Mountcastle	36,602,824	14,309	–	–
Share issue costs	–	(592)	–	–
Employee loan funded share plan	22,000,000	–	–	–
Transfer from option reserve	–	1,296	–	–
Options exercised	7,000,000	1,050	–	–
Balance as at 31 March	321,645,436	99,731	225,362,325	72,623

b) Movements in ordinary shares during the year

Company issued a total 36,602,824 shares as partial consideration for the acquisition of Mountcastle Pty Ltd during the half-year, 15,000,000 shares were issued on 3 November 2023 and ratified by shareholders at an Extraordinary General Meeting on 23 November 2023 and a further 21,602,824 shares were issued on 1 March 2024 with shareholder approval following the Company's AGM on 15 February 2024.

On 12 December 2023, the Company issued 30,402,509 shares under a Placement at 36 cps and raised \$10.9 million net of costs. A further 277,778 shares were issued to a Director of the Company and \$100,000 raised on 4 March 2024 under this placement following shareholder approval at the Company's AGM on 15 February 2024.

A total of 7 million options were exercised during the year at 15cps and raised \$1,050,000. These options were issued at the AGM on 24 February 2021, the details of which are disclosed in Note 6c below. 500,000 options were exercised on 10 November 2023 and 6,500,000 on 1 March 2024.

On 15 March 2024, the Company issued 22 million unlisted shares under the Employee Loan funded Share Plan at 36 cps, whereby a loan is provided to the employees to acquire the shares. The issue of Employee Loan Funded shares and its terms were approved by the shareholders at the Company's AGM on the 15 February 2024. Due to the structure of these loan agreements, these shares are accounted for as options and their grant value is expensed over their vesting period.

(2023: No additional shares were issued during the year ended 30 September 2023)

c) 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.

1,000,000 of these options were exercised in September 2022 and the remaining 7,000,000 options were exercised during the half-year ended 31 March 2024. No options were outstanding as at 31 March 2024.

d) Performance Rights

The Company granted 13,500,000 performance rights in total to two employees during the 2021 financial year.

The rights as per the original terms held no voting or dividend rights and the rights granted to each employee were split into 3 equal tranches which were to be vested on the 3rd, 4th and 5th anniversary of the employee's commencement date of the issue of the options (being May/June of each of 2024, 2025 and 2026 respectively).

Vesting of each tranche of rights is subject to Total Shareholder Returns (TSR) of 25% calculated on a compounding basis from a starting point of 20 cents per share.

The Company's TSR since the commencement date is approximately 39%, which significantly exceeded the 25% vesting hurdle. In recognition of value creation to date by the Investment Directors, lowering of their maximum STI for FY24, and to better incentivise performance whilst aligning the interests of the Company, the Long-Term Incentive (LTI) plan of the Company was restructured as follows:

- A total of 10 million of the original performance rights were vested effective 1 January 2024. Each eligible right will convert to one fully paid ordinary share upon exercising the rights. No performance rights were exercised during the 6 months to 31 March 2024. Current performance rights as at 31 March 2024 include 4.5 million to Phillip Christopher and 5.5 million to Nicholas Atkinson.
- 3.5 million of the original performance rights of Nick Atkinson were cancelled effective 1 January 2024.
- Issue of up to 28 million Employee Loan Funded Shares approved at the Company's AGM on 15 February 2024. The terms of the Plan were detailed in the Notice of Meeting (NOM) issued announced to the ASX on 16 January 2024. 22 million of the Employee Loan Funded shares approved to employees named in the NOM were issued on 15 March 2024 at 36 cents per share. Current KMP loan balances under the employee loan funded share plan are detailed below.

e) Employee Loan Funded Shares

Details of the Employee Loan funded Shares issued to KMPs of HNG and Mountcastle as at 31 March 2024 are as follows:

Executive	Number of Shares at 31 Mar 2024	Loan Balance at 31 Mar 2024
Phillip Christopher	7,500,000	\$2,340,000
Nicholas Atkinson	6,500,000	\$2,156,150
Steven Doyle	7,500,000	\$2,700,000
Brad Aurisch	2,500,000	\$900,000

The performance rights and shares issued under the Employee Loan Funded Shares Plan 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:

	2024 \$'000	2023 \$'000
Profit from continuing operations after income tax	3,932	2,204
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and amortization	64	91
Share based payments	352	181
Capitalised interest	61	(4)
Mountcastle in specie distribution	–	(966)
Net (gains) / losses on assets and liabilities at fair value through profit or loss	(2,479)	30
<i>Changes in operating assets and liabilities and impact of changes to consolidated entities</i>		
(Increase)/decrease in trade receivables	908	(95)
(Increase)/decrease in prepayment	93	–
(Increase)/decrease in deferred tax assets	–	–
Increase/(decrease) in trade creditors	(291)	(424)
Increase/(decrease) in other provisions	54	71
Net cash inflow / (outflow) from operating activities	2,694	1,088

8 Business combinations

Changes in controlled entities within the investment entity

The Group reports as an investment entity, as defined in 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.



9 Interest in other entities

a) Categories of controlled entities

Group has adopted the “Investment Entity” basis of accounting, and only those entities where the activities of the entity are substantially those of investing, are consolidated in the Group financial statements.

Certain immaterial entities have not been disclosed in the lists of controlled entities below.

b) Controlled entities consolidated into these financial statements as an investment entity.

Name of entity	Country of Incorporation	Ownership interest held by the Group 2024 %	Ownership interest held by the Group 2023 %
HGL Investments Pty Ltd	Australia	100	100
H&G Investment Management Ltd	Australia	100	100

c) Controlled entities accounted for as an investee and not consolidated into these financial statements

Name of entity	Country of Incorporation	Ownership interest held by the Group 2023 %	Ownership interest held by the Group 2022 %
Mountcastle Pty Ltd	Australia	100	49
LW Reid Pty Ltd	Australia	100	49
Trutex Pty Ltd	Australia	100	49
Statesman Hats (PVT) Ltd	Sri Lanka	74	36
Hyde Road Trust	Australia	–	76
DP Trust ¹	Australia	66	66

¹ DP Trust has ordinary and B class units. The Group holds 66% of the ordinary units. The B class units convert into ordinary units on the occurrence of prescribed conversion events at 10% of the outperformance of the Trust compared to a 10% hurdle return. The Group holds 75% of the B class units with others held by Key Management Personnel of the Group.

d) Changes in controlled entities

In respect of controlled entities forming part of the consolidated group of the investment entity:

- There were no such entities added to the Group during the half-year ended 31 March 2024.

In respect of controlled entities that were not consolidated but accounted for as investments:

- On 1 March 2024, HNG completed the acquisition of Mountcastle Pty Ltd increasing its holding to 100%. Upon acquisition of Mountcastle Pty Ltd, HNG gained 100% control of wholly owned subsidiaries LW Reid Pty Ltd; Trutex Pty Ltd and 74% control of Statesman Hats (PVT) Ltd.
- On 1 November 2023, HNG disposed of its 76% interest in Hyde Road Trust as partial consideration for the acquisition of Mountcastle.

10 Events occurring after the reporting period

On 21 May 2024, the Company declared a fully franked interim dividend in respect of the half-year ended 31 March 2024 of 1.0 cent per share.

H&G invested \$3.3 million to acquire additional shares in H&G High Conviction Ltd (HCF:ASX) during May 2024 increasing its holding from 6.7% to 19.85% as at 15 May 2024.

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

for the half-year ended 31 March 2024

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 7 to 19 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 2024 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Note 22(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

Alexander (Sandy) Beard

Director

Sydney
21 May 2024





Independent Auditor's Review Report

To the members of Hancock & 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 2024, 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 2024 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

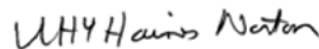
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 March 2024 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: 21 May 2024



UHY Haines Norton
Chartered Accountants