

First Australians Capital Catalytic Impact Fund and Its Controlled Entity

ABN 12 330 119 407

Consolidated Financial Report

For the period ended 30 June 2024

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
ABN 12 330 119 407

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30 June 2024

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First Australians Capital Catalytic Impact Fund and Its Controlled Entity

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Trustee's report

30 June 2024

The directors of First Australians Capital Limited ("the Trustee"), as the trustee for First Australians Capital Catalytic Impact Fund ("FAC-CIF" or the "Fund"), present their report, together with the consolidated financial statements, of the Fund and its controlled entity ("the Group") for the period ended 30 June 2024.

The Fund was constituted under a Trust Deed dated 4 October 2023. The Fund commenced its operations from 24 May 2024 hence these consolidated financial statements are for the period from 24 May 2024 to 30 June 2024 (referred as "the financial period").

Directors

The following persons were directors of the Trustee during the whole of the financial period and up to the date of this report, unless otherwise stated:

Jocelyn King, Chair (appointed 15/02/2024)

Abhilash Mudaliar, Deputy Chair

Gordon Cole

Karen Iles

Hylton Mathews

Jane Pound (resigned 27/11/2024)

Leah Armstrong (resigned 01/07/2024)

Brian Wyborn (appointed 20/05/2024, resigned 25/10/2024)

Principal activities

During the financial period, the principal continuing activities of the Group consisted of investing in Indigenous businesses, in accordance with the provisions of the Fund's Trust Deed and the Information Memorandum.

The Group did not have any employees during the financial period.

Distributions

No Distributions were paid/payable during the financial period.

Review of operations

The loss for the Group amounted to \$48,087.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

Matters subsequent to the end of the financial year

Subsequent to 30 June 2024, a further \$2,597,844 was received from investors in August to October 2024, completing capital call #2.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Group will continue to be managed in accordance with the investment objectives and guidelines as set out in the Fund's Trust Deed. It will also continue to seek to maximise the financial returns and minimise potential adverse effects on the financial performance of the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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Trustee's report

30 June 2024

Indemnity and insurance of officers

The Group has indemnified the directors and executives of the Trustee for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Group paid a premium in respect of a contract to insure the directors and executives of the Trustee against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial period, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Fees paid to and interests held in the Fund by the Trustee or its associates

Fees paid to the Trustee and its associates out of Fund property during the period are disclosed in note 12 to the consolidated financial statements.

No fees were paid out of fund property to the directors of the Trustee during the period.

The number of units held in the Fund by the Trustee or its associates as at the end of the financial period is set out below:

	Committed Capital	Balance at the start of the period	Applications	Redemptions	Other	Balance at the end of the period
First Australians Capital Ltd (the Trustee)	1,560,226	-	234,034	-	-	234,034
	1,560,226	-	234,034	-	-	234,034

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in note 10 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the consolidated statement of financial position and derived using the basis set out in note 1 to the consolidated financial statements.

Rounding of amounts

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

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Trustee's report
30 June 2024

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 Trustee's Report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Jocelyn King
Chair



Abhilash Mudaliar
Deputy Chair

20 December 2024

Auditor's Independence Declaration

As lead auditor for the audit of the consolidated financial report of First Australians Capital Catalytic Impact Fund and Its Controlled Entity for the period ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the First Australians Capital Catalytic Impact Fund and the entity it controlled during the period.



Dony Kurniadi
Partner

Brisbane, Queensland
20 December 2024

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2024

		2024	
		\$	
Income			
Interest income	3	93,420	
Other income	4	2,408	
Total income		<u>95,828</u>	
Expenses			
Trustee expenses	12	44,872	
Administrative and other expenses	5	99,044	
Total expense		<u>143,916</u>	
Loss from operating activities before income tax		(48,088)	
Income tax expense		-	
Loss after income tax for the period		<u>(48,088)</u>	
Other comprehensive income		-	
Total comprehensive loss for the period		<u>(48,088)</u>	

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

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
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Consolidated Statement of Financial Position
As at 30 June 2024

	Note	2024 \$
Assets		
Cash and cash equivalents	6	2,576,592
Trade and other receivables	7	55,126
Financial assets held at amortised cost	8	<u>6,048,391</u>
Total assets		<u>8,680,109</u>
Liabilities		
Trade and other payables	9	<u>74,807</u>
Total liabilities		<u>74,807</u>
Net assets		<u>8,605,302</u>
Net assets attributable to the unitholders - equity	10	<u>8,605,302</u>

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

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Consolidated Statement of Changes in Equity
As at 30 June 2024

	Note	2024
		\$
Total equity at the beginning of the financial period		-
Comprehensive income for the period		
Loss for the period		(48,088)
Other comprehensive income for the period		-
Total comprehensive loss for the period		<u>(48,088)</u>
 Transactions with unitholders		
Applications	10	8,653,390
Distributions paid and payable	11	-
Total transactions with unitholders		<u>8,653,390</u>
 Total equity at the end of the financial period		<u>8,605,302</u>

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

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Consolidated Statement of Cash Flows
For the period ended 30 June 2024

	Note	2024
		\$
Cash flows from operating activities		
Receipts from customers		1,204
Payments to suppliers		(72,975)
Interest received		43,364
Net cash used in operating activities		(28,407)
Cash flows from investing activities		
Net loans provided to Indigenous businesses		(15,926)
Net cash used in investing activities		(15,926)
Cash flows from financing activities		
Proceeds from applications by unitholders		2,620,925
Net cash provided by financing activities		2,620,925
Net increase in cash held		2,576,592
Cash and cash equivalents at beginning of financial period		-
Cash and cash equivalents at end of financial period	6	2,576,592

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

First Australians Capital Catalytic Impact Fund and Its Controlled Entity

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Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

General Information

These consolidated financial statements cover First Australian Capital Catalytic Impact Fund (the "Fund") and its controlled entity (the "Group"). The Fund was constituted under a Trust Deed dated 4 October 2023. The Fund commenced its operations from 24 May 2024 hence these consolidated financial statements are for the period from 24 May 2024 to 30 June 2024 (referred as "the financial period").

The Trustee of the Fund is First Australians Capital Ltd (the "Trustee"). The Trustee is a company limited by guarantee and the Fund is a wholesale unit trust and wholly owns the controlled entity FAC Finance Pty Ltd. The Trustee's registered office is Unit 1B, 1-7 Unwins Bridge Road, St Peters, NSW 2044.

The objective of the Group is to catalyse the Indigenous business sector in Australia and develop the pipeline of talented Indigenous entrepreneurs. The Fund will be used to offer affordable and accessible finance into a targeted and diversified portfolio of predominantly small and medium sized Indigenous businesses and Indigenous community organisations based in Australia.

These consolidated financial statements were authorised for issue by the directors on the date the Trustee's Declaration was signed. The directors of the Trustee have the power to amend and reissue the consolidated financial statements.

Further information on the nature of the operations and principal activities of the Group is provided in the Trustee's report. Information on other related party relationships of the Group is provided in Note 12.

Note 1. Material accounting policy information

The accounting policies that are material to the Group are set out below.

Basis of preparation

These consolidated general purpose financial statements have been prepared in accordance with the requirements of the *Australian Accounting Standards - Simplified Disclosures* and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the consolidated financial statements.

Basis of measurement

Apart from cash flow information, the financial statements have been prepared on an accrual basis based on historical cost except for financial instruments which are measured at fair value. Financial instruments which are classified as loans and receivables are measured at amortised cost.

The consolidated statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount to be recovered or settled in twelve months in relation to these balances remain subject to the performance of the Group and its operations in accordance with the Trust Deed.

Functional Currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

First Australians Capital Catalytic Impact Fund and Its Controlled Entity

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Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Basis of consolidation (continued)

The Group is comprised of First Australians Capital Catalytic Impact Fund and its controlled entity.

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Intercompany transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Financial Instruments

(a) Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group adopts amortised cost method for trade and other receivables. Financial assets are measured at amortised cost where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

(ii) Recognition/derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Subsequent to initial recognition, financial assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment for expected credit losses are recognised in the consolidated statement of profit or loss and other comprehensive income. Gain or loss on derecognition is recognised in profit or loss.

(iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortised cost. The Group's main exposure to credit risk is in respect of loan facilities provided to small to medium size Indigenous-owned Business. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, including forward looking information.

The assessment of significant increase in credit risk (SICR) includes past due information and forward-looking information such as the arrears status, the borrower entering into financial hardship status and the impact of forward-looking information for emerging risks at an industry and or portfolio segment level.

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Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Financial Instruments (continued)

Collectability of trade receivables is reviewed on an ongoing basis. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter insolvency or require financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against other expenses in the consolidated statement of profit or loss and other comprehensive income.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(b) Liabilities

(i) Classification

The Group adopts amortised cost method for all its financial liabilities. The financial liabilities of the Group comprise trade and other payables.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the financial period, there are no financial assets and liabilities offset or with the right to offset in the consolidated statement of financial position.

Net assets attributable to unitholders

The Fund's units are puttable financial instruments that have been classified as equity, as they have all of the following features:

- entitle the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation;
- are in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- do not include any contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the units over the life are based substantially on the profit or loss.

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Notes to the Consolidated Financial Statements

For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investment Income

Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is also recognised in the consolidated financial statement of profit or loss and other comprehensive income.

Income tax

The Fund is not subject to income tax provided the taxable income of the Fund is attributed in full to its unitholders each financial year either by way of cash or reinvestment. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

Distributions

The Fund may distribute its distributable income, in accordance with the relevant deeds, to unitholders by cash or reinvestment. The distributions are recognised in the consolidated statement of profit or loss and other comprehensive as finance costs attributable to unitholders.

Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equity, movements in net assets attributable to unitholders are recognised in the consolidated statement of changes in equity.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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Notes to the Consolidated Financial Statements
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Note 1. Material accounting policy information (continued)

Fair value measurement (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Payables

Payables include liabilities and accrued expenses owed by the Group which are unpaid as at the end of the reporting year. Payables may include amounts for redemptions of units in the Group where settlement has not yet occurred. The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the statement of financial position as a payable when determined by the Trustee in accordance with the Fund's Trust Deed.

Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Goods and Services Tax ('GST') and other similar taxes

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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Note 1. Material accounting policy information (continued)

Rounding of amounts

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

There were no judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year.

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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 3 : Interest income

	2024
	\$
Bank interest	1,628
Interest income from financial assets at amortised costs	<u>91,792</u>
Total interest income	<u>93,420</u>

Note 4: Other income

	2024
	\$
Facility fee income	2,408
Total other income	<u>2,408</u>

Note 5: Administrative and other expenses

	2024
	\$
Fund establishment expenses	62,543
Audit fee	20,000
Tax compliance fee	8,000
Administration fee and other general expenses	8,501
Total administrative and other expenses	<u>99,044</u>

Note 6: Cash and cash equivalents

	2024
	\$
Cash at bank	2,576,592
Total cash and cash equivalents	<u>2,576,592</u>

Note 7: Trade and other receivables

	2024
	\$
Interest receivables	50,056
GST and other receivables	5,070
Total trade and other receivables	<u>55,126</u>

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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 8: Financial assets held at amortised cost

	2024
	\$
Loans to Indigenous businesses	6,048,391
Total financial assets held at amortised cost	<u>6,048,391</u>

Note 9: Trade and other payables

	2024
	\$
Current	
Trade payables	1,935
Accrued expenses	<u>72,872</u>
Total trade and other payables	<u>74,807</u>

Note 10: Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

Movements in the number of units and net assets attributable to unitholders during the period are set out below:

	2024	2024
	Units	\$
Opening balance	-	-
Applications	8,653,390	8,653,390
Redemptions	-	-
Distributions paid	-	-
Loss for the period	-	(48,088)
Closing balance	<u>8,653,390</u>	<u>8,605,302</u>

In accordance with the provisions of the Fund's Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

The units are redeemed by request from the unitholders. However, holders of these instruments typically retain them for the medium to long term.

Investors will have no right to redeem or withdraw their entitlements during the initial 5-year Initial Investment Period, other than in the limited circumstances in accordance with the Trust Deed. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 10: Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. Net assets attributable to unitholders are representative of the expected cash outflows on redemption. Redemptions are subject to the terms and conditions in the Trust Deed, and capital calls, when necessary, are made at the discretion of the Trustee, based on the Fund's operational and investment needs.

Applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets by the Trustee. In accordance with the provisions of the Fund's Trust Deed, the Trustee has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

Note 11: Distributions

No distributions were paid/payable during the financial period.

Note 12: Related party transactions

(a) Trustee

First Australians Capital Ltd ("FAC") A.C.N. 615 225 182 was appointed as trustee for the Fund on 4 October 2023.

(b) Key Management Personnel

The Group does not employ personnel in its own right. However, it is required to have a Trustee to manage the activities of the Group. The directors of the Trustee and certain FAC executives are considered the key management personnel.

Key management personnel services are provided by FAC and included in the management fee disclosed in 12(c) below. There is no separate charge for these services.

There was no compensation paid directly by the Group to any of the key management personnel.

(c) Trustee's Remuneration

FAC received remuneration as a consequence of its position as the trustee of the Trust as disclosed in the consolidated statement of profit or loss and other comprehensive income.

Under the terms of the Trust Deed, the Trustee is entitled to receive management fees, calculated by 2% on the Commitments (until all Commitments have been fully drawn) and thereafter a fee of 2% per annum on the Net Asset Value of the Fund is payable by the Fund to FAC quarterly.

Under the terms of the Trust Deed, the Trustee is also entitled to receive a technical assistance fee, calculated by 0.65% per annum of the Fund's Net Asset Value, for technical assistance provided to Investees.

The transactions during the reporting period between the Trust and the Trustee are as follows:

	2024
	\$
Management fee for the period	38,838
Technical assistance fee for the period	6,034
Total fees and expenses for the period	<u>44,872</u>

During the financial period, the Group has reimbursed \$9,755 to the Trustee in relation to the Fund establishment costs.

The amount payable at 30 June 2024 to the Trustee was \$44,872.

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 12: Related party transactions (continued)

(d) Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

(e) Related party unitholdings

The only related party to the Group as defined by AASB 124 is First Australians Capital Ltd, being the Trustee of the Fund.

The units held by FAC in the Fund as follows:

	2024	2024
	Units	\$
Opening balance	-	-
Applications	234,034	234,034
Redemptions	-	-
Distributions paid	-	-
Loss for the period	-	-
Closing balance	<u>234,034</u>	<u>234,034</u>

(f) Terms and Conditions

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are reimbursed in accordance with the Trust Deed.

Note 13: Financial risk management

Overview

The Trust's investments principally consist of financial instruments which comprises of debt instrument. The Trust generates financial returns for the unitholders by providing accessible, affordable and flexible debt and patient finance to Indigenous businesses.

All of the underlying investments of the Trust are invested at arm's length and are separately identifiable. The below pertains to the constructed portfolios.

The Trust's investment activities expose it to the following risks:

- market risk (including price risk and interest rate risk);
- credit risk; and
- liquidity risk.

The Group's overall risk management programme focuses on ensuring compliance with the Fund's Information Memorandum. The Group's general strategy for investments is to remain diversified across industry sectors, with consideration to gender lens, national footprint and geographic areas of need.

Investments will generally be unsecured, partly secured (through corporate debenture charge or cross guarantee) and in some cases secured against tangible assets or real property. In accordance with the Trustee's governing investment philosophy for all impact investment Funds, the Trustee does not seek personal guarantees from directors.

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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 13: Financial risk management (continued)

The above investment risks have been considered in constructing the asset portfolios of the Trust and aims to manage those risks primarily through diversification, including using some or all of the following (as applicable):

- working capital loans;
- term loans;
- secured asset and property lending;
- mezzanine; and
- project finance.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Price risk

The price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

There was no significant direct price risk in the Group as at 30 Jun 2024.

(ii) Foreign exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 30 June 2024 the Group did not hold any assets or liabilities denominated in currencies other than the Australian Dollar and therefore was not exposed to any foreign exchange risk.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The impact of fluctuations in interest rates on interest bearing financial assets and liabilities is not material.

The tables below summarise the Group's exposure to interest rate risk:

	At 30 Jun 2024	Weighted				\$	\$	\$	\$					
		Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing									
Financial assets														
Cash and cash equivalents														
		0.063%	2,576,592	-	-			2,576,592						
Trad and other receivables			-	-			55,126	55,126						
Financial assets held at amortised cost		7.94%	-	6,048,391	-			6,048,391						
Total financial assets			2,576,592	6,048,391	55,126			8,680,109						
Financial liabilities														
Trade and other payables			-	-		74,807	74,807							
Total financial liabilities						74,807	74,807							

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 13: Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the consolidated statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Group holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or whose terms have been renegotiated.

Counterparty credit limits and the list of authorised brokers are reviewed by the Trustee on a regular basis as deemed appropriate.

In accordance with the Fund's policy, the Trustee manages credit risk by undertaking a detailed due diligence process prior to entering into transactions with counterparties and ongoing daily monitoring of the credit exposures.

The initial due diligence process is detailed in the Credit Monitoring Policy of the Trustee and addresses aspects relevant to an assessment of the credit risk and includes risk assessments of both a qualitative and quantitative nature. Such policy sets guidelines and minimum requirements in assessing the counterparties to meet their contractual financial obligations for repayment, acceptable forms of collateral and guidelines on credit review. It provides a framework on how loans are assessed, what scores or metrics must be achieved for lending, authority and approvals, roles and responsibilities within FAC's business units and parameters for various risk management functions. Pre-lending due diligence may include independent experts reports provided to the Trustee covering matters such as commercial/industry risks, accounting and tax reports, legal due diligence, property valuation, technical risk reports and environmental reports. The Trustee uses a range of proprietary credit rating data and analysis in addition to credit research materials from third party providers including credit rating agencies to analyse and monitor counterparty credit risk.

Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Trustee to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

There were no significant concentrations of credit risk in the Group at 30 June 2024.

(c) Liquidity Risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due and can only do so on terms that are materially disadvantageous.

This risk is controlled through the Group's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Group maintains sufficient cash and cash equivalents to meet normal operating requirements.

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 13: Financial risk management (continued)

Under the Trust Deed, the Fund has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Following the Initial Investment Period of five years, the Trustee intends to facilitate annual redemption windows during the 6 months preceding the end of each Financial Year, subject to Fund's liquidity. If a Redemption Request is received outside of the annual Redemption Window, it will be treated as a request for redemption during the next Redemption Window. During each Redemption Window, Unitholders may request the Trustee to redeem some or all of their units in the Fund provided that the Redemption Request is given to the Trustee at least 60 days before the date on which the relevant Unitholder seeks redemption of their Units.

The Trustee monitors the Fund's liquidity position on a regular basis. This information is reported to the relevant parties on a regular basis as deemed appropriate such as other key management personnel, the Fund's sub-committees and ultimately the Board of the Trustee.

The amounts in the table are the contractual un-discounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 Jun 2024	Less than 1 Month	1-6 Months	6-12 Months	Over 12 Months	No Stated Maturity
	\$	\$	\$	\$	\$
Trade and other payables	74,807	-	-	-	-
	74,807	-	-	-	-

Note 14: Auditor's remuneration

During the reporting period, the following fees were paid or payable to the auditor of the Group, HLB Mann Judd:

	2024
	\$
Audit services	
Audit of financial statements	20,000
Other services	
Taxation services	8,000
	28,000

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
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Notes to the Consolidated Financial Statements
For the period ended 30 June 2024

Note 15: Parent Entity Information

The individual financial statement of the parent entity shows the following aggregate amounts:

	2024
	\$
<i>Statement of profit or loss and other comprehensive income</i>	
Loss for the period	<u>(48,088)</u>
Total comprehensive loss for the period	<u><u>(48,088)</u></u>
<i>Statement of financial position</i>	
Total assets	8,680,209
Total liabilities	<u>(74,907)</u>
Net assets	<u>8,605,302</u>
Net assets attributable to unit holders	<u>8,605,302</u>
Total net assets attributable to unit holders	<u>8,605,302</u>

Note 16: Events occurring after the reporting date

Subsequent to 30 June 2024, a further \$2,597,844 was received from investors in August to October 2024, completing capital call #2.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group the results of those operations, or the state of affairs of the Group in future financial years.

Note 17: Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024.

First Australians Capital Catalytic Impact Fund and Its Controlled Entity
ABN 12 330 119 407

Trustee's Declaration

In accordance with a resolution of the Trustee of First Australians Capital Catalytic Impact Fund and its controlled entity (the "Group"), I state that:

In the opinion of the Trustee:

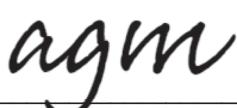
- (a) the consolidated financial statements and notes set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards – Simplified Disclosures, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Group 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 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Board



Jocelyn King
Chair



Abhilash Mudaliar
Deputy Chair

Dated: 20 December 2024

Melbourne

Independent Auditor's Report to Unitholders of First Australians Capital Catalytic Impact Fund and Its Controlled Entity**REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of First Australians Capital Catalytic Impact Fund ("the Fund") and its controlled entity ("the Group"), which comprises the consolidated statement of financial position as at 30 June 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 period then ended, and notes to the financial statements, including material accounting policy information, and the trustee's declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the period then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the 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 First Australians Capital Limited (the Trustee).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Trustee are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Trustee for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Trustee.
- Conclude on the appropriateness of the directors of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors of the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd (SE Qld Partnership)

A handwritten signature in black ink, appearing to read 'Dony Kurniadi' followed by a stylized surname.

HLB Mann Judd (SE Qld Partnership)
Chartered Accountants

Dony Kurniadi
Partner

Brisbane, Queensland
20 December 2024