Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	ARC Funds Limited
ACN	52 001 746 710
Financial Year Ended	30 June 2022
Previous Corresponding Reporting Period	30 June 2021

Results for Announcement to the Market

	$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	4,920	103%
Loss from ordinary activities after tax attributable to members	(612,433)	(6%)
Loss for the period attributable to members	(612,433)	(6%)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	-
Previous corresponding period	Nil	-
Record date for determining entitlements to the dividends (if any)	n/a	

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total dividend	n/a
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	n/a
The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.11	$0.10

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position: See attached Annual Report

Commentary on the Results for the Period

The earnings/(loss) per security and the nature of any dilution aspects: see note 8 Annual Report
Returns to shareholders including distributions and buy backs: See attached Annual Report
Significant features of operating performance: See attached Annual Report
The results of segments that are significant to an understanding of the business as a whole: See attached Annual Report
Discussion of trends in performance: See attached Annual Report
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: See attached Annual Report

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	*	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: n/a			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: n/a			

Attachments Forming Part of Appendix 4E

Attachment #	**Details**
1	Annual Report

Signed By (Director/Company Secretary)	
Print Name	James Jackson
Date	24 August 2022

ARC Funds Limited advises that its Annual General Meeting will be held on 19 October 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) 31 August 2022.

ARC FUNDS LIMITED

ABN 52 001 746 710

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

30 JUNE 2022

DIRECTORY

Directors

James Jackson	Chairman
Harley Grosser	Managing Director (appointed 1 July 2021 as a Non-Executive Director and 22 July 2021 as Managing Director)
Darren Anderson	Non-Executive Director
Wayne Massey	Executive Director

Company Secretary
Mark Licciardo

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Federal NSW 2480
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Share Registry
Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Shareholder Enquiries: 1 300 737 760 / (02) 9290 9600
Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Boardroom Pty Limited directly. A variety of requisite forms may be downloaded from www.boardroomlimited.com.au

Bankers
National Australia Bank Limited
Level 19
100 Creek Street
BRISBANE
QLD 4000

Auditors
Bentleys Brisbane (Audit) Pty Ltd
Level 9
123 Albert Street
BRISBANE
QLD 4000

CONTENTS

In this Annual Report a reference to "Group", "we", "us" "ARC" or "our" is a reference to ARC FUNDS Limited ABN 52 001 746 710 and the entities that it controls unless otherwise stated.

The ARC corporate governance statement is available on our website (www.arcfunds.com.au) in the section titled "Corporate Governance" and at the ASX website (www.asx.com.au) under the code "ARC".

CHAIRMAN'S REVIEW

Dear Fellow Shareholders,

The Financial Results

The company recorded an after-tax loss of $612,433 for the full year to June 30, 2022. This was a result of the operating costs of a listed public company along with the expenses incurred in a series of corporate transactions of approximately $65,000 and the establishment year losses of our initial investment affiliates of approximately $58,000. These results are not surprising as the company is in development stage and continues to support our investment affiliates. We remain focussed on containing our operating costs and this is evident in our results. The company's cash levels at balance date were $2.4 million and we have no debt.

Appointment of Harley Grosser as Managing Director

The board appointed Mr Harley Grosser, as a Non-Independent Director in early July of 2021.
We then completed the development and refinement of the new strategic direction and plan for the company, designed to grow the investment management operations of the company to create value for our shareholders.

The New Strategy also resulted in the appointment of Harley as the new Managing Director of the Company, a role he commenced in late July. As noted in the ASX announcement at the time, the board believes Harley brings extensive knowledge and skills in capital markets, financial analysis, valuation, investor relations, and the building and operating of an investment management business. These skills have been developed over the past 12 years and are ideally suited to the role.

In September of 2021, I transitioned from the role of Executive Chairman to Non- Executive Chairman as the executive duties of the company now rest with Harley our Managing Director.

The New Strategic Direction

"To build a listed boutique funds management platform and investment company by investing in, supporting and partnering with the best fund managers across a range of asset classes and investment strategies."

Following shareholder approval and in recognition of our new strategic direction and focus the company name was changed to ARC Funds Limited at the AGM in 2021.

The past year has yielded growth in the operations of your company as we pursue our new strategic direction. However, this has corresponded with a challenging investment environment as markets, including equity and bond markets have experienced significant dislocations. This has also resulted in significant hurdles for fund managers.

The inevitable "great unwinding" of the past 10-year period of cheap debt and credit coupled with extraordinary central bank monetary stimulus will have profound changes to the performance of assets, investment markets and fund managers in the coming years. We believe this will create great opportunities for the skills of active stock picking managers, as company fundamentals and sustainable valuations will outlast the momentum and liquidity driven markets we have witnessed. We also believe as interest rates normalise, that returns from fixed interest products will again become sought after by investors as a balance of risk and a tilt to income in portfolios.

Business Development and Investments

- In the first transaction under our new strategy, we announced on August 12 that we had entered into an agreement to acquire a 40% interest of the newly created fund manager, Merewether Capital Management. The remaining 60% is held by Founder, Luke Winchester. Merewether launched in November and has been operational since with an initial $5m of funds under management (FUM) raised.
- In November, we entered a partnership with Magnum Funds to own 25% of the Magnum Fixed Income Active ETF. This product launch has been delayed; the reasons are covered in detail in Harley's report. We do remain convinced this product has significant potential to capture FUM.
- In May we entered an agreement to develop and launch the ARC Emerging Managers LIC, via the repurposing of an existing LIC structure (ASX: LAN), more on this project is contained in Harley's report.

All these initiatives create opportunities for ARC to share in both management and/or performance fees which means revenues flow to ARC. Further to this, ARC also provides services to these operations which also creates revenue for ARC.

We continue to believe a significant opportunity exists in the marketplace to execute on this strategy in identifying and partnering with emerging, existing talent, and supporting them to grow and succeed. The positive fundamentals of this business model are compelling, as it is highly scalable, capital light and can leverage existing and innovative technologies to contain operating costs and potentially facilitate growth in FUM.

Summary and Thanks

I want to thank my fellow directors, Harley, Darren and Wayne for their continued work, support, and input during the year. I welcome Harley and thank him for his relentless executive drive and continued pursuit of our goals to build the business. Your board remains focussed on creating value for our shareholders whilst also preserving our capital. It is with these enduring objectives in mind, ARC has commenced on this new journey, and the building and growth has commenced.

I also want to thank our company secretaries at Acclime Australia (formerly known as Mertons), for their contributions and our various advisers with whom we have worked with over the past year for your help.

Finally, the Board wants to thank all our shareholders for your support and interest, and we look forward to updating you on our future progress.

Yours Sincerely,

James A Jackson
Chairman
August 24, 2022

MANAGING DIRECTOR'S LETTER

Dear Fellow Shareholders,

We have made substantial progress towards the new Company Vision we put to shareholders twelve months ago, with the establishment of Merewether Capital, the partnership with Magnum Funds and the proposed launch of our own LIC fund-of-funds, ARC Emerging Managers.

Business Update

Our partnership with Merewether Capital, and the launch of the Merewether Capital Inception Fund, continues to be a prime example of the type of partnerships we are seeking to establish.

Despite the difficult equity market conditions, and the negative performance of the fund since launch, the year has reinforced both our confidence in the manager and the value that ARC offers as a partner.

Markets will go through difficult cycles. They present the best managers with an opportunity to make compelling investments and emerge stronger on the other side. Merewether now has that opportunity and ARC's involvement allows the manager to focus entirely on what matters most during such cycles, which is executing the investment strategy.

Our confidence in Merewether has not waivered and we expect our Merewether investment to prove highly rewarding over time to ARC shareholders, Merewether fund investors and to our partner at Merewether, Luke Winchester.

Following our partnership with Magnum in November 2021 we have experienced delays to the launch of the Magnum Fixed Income Active ETF. First, in the launch process as we worked with service providers, and second by decision of our partner (Magnum's investment manager) in response to the dislocation of fixed income markets at the time.

In hindsight the delays have been fortuitous, as launching the product into the most difficult fixed income market in decades may have proved unwise. However, we also see opportunity in such an environment. We continue to work with our partner on the best path forward, including a potential restructure, the details of which we will inform the market as and when required.

Most exciting was our proposed launch of ARC Emerging Managers in May 2022. This product is intended to be a Listed Investment Company (LIC) investing in a portfolio of the funds managed by the best boutique investment talent in Australia and globally.

There is currently nothing else in the market like it and we believe that a successful launch would 1) continue to build out ARC Funds' brand as a partner-of-choice in boutique funds management and 2) add meaningful internal distribution capability to our business.

We are repurposing the listed vehicle ASX:LAN to become the ARC Emerging Managers LIC. This deal brought with it both David Prescott, a successful founder of a large boutique funds management firm, and Daniel Sims, a highly talented investor with an excellent network of boutique managers, as well up to $6m of tax losses that on current advice may be utilisable against ARC's new strategy.

It is a product that we have built from the ground up as a vehicle we ourselves would want to invest in. We are now working to meet ASX's timeline for the launch of this LIC and will keep shareholders and the market informed. Should our shareholders have interest in this product, please reach out. I intend to invest personally.

Outlook

We remain completely focused on building ARC Funds to become the partner-of-choice in boutique funds management. We continue to engage with talented prospective managers and remain optimistic about establishing several new partnerships over the next twelve months.

As most of our shareholders will be aware, market conditions shifted dramatically halfway through FY22 as investors responded to rising inflationary and geopolitical risks. While this does not sway us from our long-term vision, it would be remiss not to adjust our short-term strategy accordingly, to take advantage of opportunities the current market is presenting.

In this environment, shareholders should expect us to be more aggressive, not less so, in taking advantage of such opportunities as they present. We think this is both an excellent time to invest with new managers, as well as for ARC Funds to consider new strategies whereby we may be the majority shareholder.

I feel privileged to be the MD of our company and in a position to pursue the opportunities we have in front of us. This is not a short-term vision measured in months, rather in years, but with patience, discipline and partnering with the best people, I have no doubt we will build a platform for the long term growth of ARC.

Harley Grosser
Managing Director
August 24, 2022

DIRECTORS' REPORT

The Directors present their annual report on ARC Funds Limited ("**the Company**") and its controlled entities ("**Group**" or "**Economic Entity**") for the financial year ended 30 June 2022.

DIRECTORS

The names and details of the Directors of the Company in office at the date of this report are:

James Andrew Jackson *(Chairman) (appointed 25 July 2014)*
James Jackson has background and experience in both capital markets and agribusiness. He worked for JB Were in Australia and SG Warburg & Co in both London and New York over a ten year period in Equity Capital Markets and Institutional Sales transacting with significant American and European institutional investors. He is now a company director and professional investor and was a director and Deputy Chairman of the ASX listed Elders Limited from 2014 to 2017 and MSF Sugar Limited (known formerly as The Maryborough Sugar Factory Ltd) from 2004 and Chairman from 2008 until the agreed takeover in 2012. This was during a period of significant growth and shareholder value creation for the company. The skills and expertise relevant to the position of director include a deep knowledge of agribusiness, financial risk management, strategic analysis and development and implementation of strategy and corporate governance. He has strong interest in agriculture and a large network in rural Australia and the capital markets. James holds a Bachelor of Commerce from the University of Queensland, completed the Program for Management Development at Harvard Business School and is a Fellow of the Australian Institute of Company Directors.

Harley Grosser *(Managing Director) (appointed 1 July 2021 as a Non-Executive Director and 22 July 2021 as Managing Director)*
Mr Grosser is the Founder, Managing Director and Principal of Capital H Management, a Sydney based specialist small cap funds management company and the manager of the Capital H Inception Fund and Capital H Active Fund. Mr Grosser brings extensive knowledge and skills in capital markets, financial analysis and valuation, building and operating an investment management business and investor relations, developed over the past 12 years. These attributes will complement the existing skills and experience on the board and the Company considers Mr Grosser will add considerable value and energy to the Company. Mr Grosser holds a Bachelor of Commerce from the University of New South Wales and is also currently a Non- Executive Director of Motio Limited (ASX: MXO).

Darren Anderson *(Non-Executive Director) (appointed 5 June 2015)*
Darren Anderson has significant legal and commercial experience and expertise gained over a 30 year career to date. He is a partner of Brisbane legal firm Holding Redlich and specialises in providing legal services to the property industry. He has particular expertise in major acquisitions and disposals in residential, industrial and rural property, structured property development, due diligence and property finance arrangements.

Darren brings extensive legal knowledge and background particularly in real property transactions, and the structuring of finance and due diligence. He has a good understanding of corporate governance, financial accounting and risk assessment.

He holds a Bachelor of Commerce and Bachelor of Laws (Second Class Honours) from the University of Queensland and is admitted as a Solicitor in the Supreme Court of Queensland.

Wayne Massey *(Executive Director)* (*appointed 14 December 2015*)
Wayne Massey has occupied a number of senior finance executive positions in the sugar industry since 1998, including a period as Chief Financial Officer of MSF Sugar Ltd from 2008 to 2012 (ASX listed until 2012). Wayne has experience in mergers and acquisitions, debt management and development of futures and currency capability. He has also held Director positions of unlisted Australian parent and subsidiary companies in the sugar industry in recent years and has been a Director of SMART, an Industry Superannuation Fund.

COMPANY SECRETARY

Mark Licciardo B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD

Experience and special responsibilities

Mark Licciardo is a Partner and Managing Director of Acclime Australia Pty Ltd (formerly Mertons Corporate Services Pty Ltd) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, Ensogo Limited and Mobilicom Limited as well as several other public and private companies.

Interests in the Shares of the Company and Related Bodies Corporate
The relevant interests of each director in the share capital of the Company shown in the Register of Directors' Shareholding as at the date of this report is:

	Ordinary Shares - (ARC)	*ASX Listed Option -(ARCO)s*
Mr James Jackson	2,965,000	-
Mr Harley Grosser	10,336,614	-
Mr Darren Anderson	538,655	-
Mr Wayne Massey	520,176	-

PRINCIPAL ACTIVITIES

The group's primary activities are:

(A) Equity investment – investment in fund management companies.

(B) Funds management and financial services – operation of a wholesale funds management business.

During the financial year there was a change in the focus of activity on investment in the rural and rural related areas to investment in fund management companies across a range of asset classes and investment strategies.

RESULTS AND DIVIDENDS

The net loss after income tax for the financial year to 30 June 2022 was $612,433 (2021: loss $577,486). No dividends were paid or declared during the year.

TRADING IN COMPANY SHARES

During the 12 months to 30 June 2022, the Company's shares traded in the following ranges:

Quarter ending	*High price*	*Low price*	*Closing price*	*Volume*
30th September 2021	0.72	0.24	0.55	2,044,323
31st December 2021	0.70	0.55	0.63	580,285
31st March 2022	0.765	0.47	0.55	585,900
30th June 2022	0.65	0.40	0.47	747,996

Source: ASX

REVIEW OF OPERATIONS

A full review of operations is given on pages 2 to 5 which include the Chairman's Review and Managing Directors update.

SIGNIFICANT EVENTS DURING THE YEAR

The Company adopted and commenced implementing a new strategy to build a listed boutique funds management platform and investment company by investing in, supporting and partnering with the best fund managers across a range of asset classes and investment strategies.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of a committee of Directors) attended by each of the Directors of the Company for the 12 months to 30 June 2022 was:

	Directors' Meetings held during period in office		**Audit Committee Meetings held during period in office**	
	No. of meetings eligible to attend #	**No. of meetings attended**	**No. of meetings eligible to attend**	**No. of meetings attended**
James Jackson	6	6	2	2
Harley Grosser	6	6	-	-
Darren Anderson	6	6	2	2
Wayne Massey	6	6	-	-

the Directors also assented to one written resolution during the year

REMUNERATION REPORT (AUDITED)

(A) Key Management Personnel

The names and positions of key management personnel of the Company who have held office during the financial year are:

Directors

James Jackson	Chairman
Harley Grosser	Managing Director
Darren Anderson	Non-Executive Director
Wayne Massey	Executive Director

REMUNERATION REPORT (AUDITED) (continued)

(B) Directors Remuneration for the financial years ended 30 June 2022 and 30 June 2021

	Short-Term Benefits	*Post Employment Benefits*		*Share Based Payments*		
2022	**Salaries & fees**	**Super-annuation**	**Other**	**Shares**	**Options**	**Total**
James Jackson	$54,166	$5,417	-	-	-	$ 59,583
Harley Grosser	$101,683	$9,375	-	-	-	$111,058
Darren Anderson	$25,000	$2,500	-	-	-	$27,500
Wayne Massey	$59,167	$5,917	-	-	-	$65,084
TOTAL	**$240,016**	**$23,209**	**-**	**-**	**-**	**$263,225**
2021						
James Jackson	$25,000	$2,375	-	$50,000*	$759	$78,134
Darren Anderson	-	-	-	$25,000*	-	$25,000
Wayne Massey	$45,000	$9,750	-	-	$253	$55,003
TOTAL	**$70,000**	**$12,125**	**-**	**$75,000**	**$1,012**	**$158,137**

* Refer to (E) Shares issued to Directors in lieu of Directors Fees

(C) Specified Executives Remuneration for the years ended 30 June 2022 and 30 June 2021

	Short-Term Benefits			*Post Employment Benefits*		*Share Based Payments*	
2022 and 2021	**Salaries & fees**	**Cash bonuses**	**Non Monetary Benefits**	**Super-annuation**	**Other**	**Options**	**Total**
There were no specified executives in the period from 1 July 2021 to 30 June 2022 and 1 July 2020 to 30 June 2021.							

(D) Remuneration Policy

The Non-Executive Directors annually review and recommend the remuneration packages of senior management. The payment of bonuses, options and other incentive payments are annually reviewed by the Non-Executive Directors as part of the review of Executive Directors and Specified Executives.

The Non-Executive Directors can exercise their discretion in relation to approving bonuses, options and incentives but will do so by reference to measurable performance criteria, and are able to seek independent advice on the appropriateness of remuneration packages.

The remuneration policy, which sets the terms and conditions for senior executives, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the Board. Executives have historically received a base salary, superannuation, performance incentives and retirement benefits. Remuneration is reviewed annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed Companies and independent advice, but has regard to expected significant share ownership in the Company. The policy is designed to attract appropriate executives and reward them for performance that results in long-term growth in shareholder value.

The current remuneration for Non-Executive Directors is set by resolution of shareholders at a maximum $400,000 per annum in aggregate. This amount of remuneration includes all monetary and non-monetary components. There are no schemes for retirement benefits for Non-Executive Directors.

REMUNERATION REPORT (AUDITED) (continued)

(D) Remuneration Policy (continued)

Key management personnel employed by the Company during the year, in addition to the Company's Directors, is Mr Harley Gross as the Company's Managing Director appointed on 22 July 2021.

Mr Grosser is employed by the Company under the terms and conditions set out in an employment contract. Due to the size of the company and the nature of its operations, the contract is open-ended and not for a specific time frame. Mr Grosser's contract can be terminated by either party giving notice commensurate with the prescribed notice outlined in the employment contract. There is no provision in the employment contract for the payment of any termination payments other than accrued statutory entitlements.

(E) Shares issued to Directors in lieu of Directors Fees

It was resolved by the Directors that new ordinary shares in the company would be issued in lieu of cash payments for Director's Fees for the following directors: $50,000 for James Jackson and $25,000 for Darren Anderson for the financial year ending 30 June 21. Shareholders approved the issue of these shares on 21 October 2021.

(F) Options held by Specified Directors and Specified Executives

No options held by specified director and specified executives during or at year end.

(G) Shareholdings by Specified Directors and Specified Executives

Directors	Balance at 1/7/21	Received as Remuneration	Options Exercised	Net change – other	Balance at 30/6/22
James Jackson	2,722,158	200,000	-	42,842	2,965,000
Harley Grosser	9,509,909	-	-	826,705	10,336,614
Darren Anderson	438,655	100,000	-	-	538,655
Wayne Massey	520,176	-	-	-	520,176
TOTAL	13,190,898	300,000	-	869,547	14,360,445

(H) Performance of ARC Funds Limited

For the 30 June 2018 the Company's investment strategy into the rural, agricultural, and related sectors had some positive investment returns and resulted in the Company's share price trading in the 50 cents per share range for that financial year.

For the 30 June 2020 and 30 June 21 years due to the negative investment returns and ongoing operating costs the share price had fallen to the 30 cents level. In the year end June 2020 financial year the Company's investment in Namoi Cotton Limited decreased in value, as a result of the significant impact of the ongoing drought and this has resulted in a reduction in the share price of ARC during this period.

In the 30 June 22 financial year the Company adopted a new investment strategy to build a listed boutique funds management platform and investment company by investing in, supporting and partnering with the best fund managers across a range of asset classes and investment strategies. Implementation of this new strategy through investments in Merewether Capital Management Pty Ltd and Magnum Funds Management Pty Ltd and the recently announced agreement to acquire the investment management rights to Lanyon Investment Company Limited has seen the share price trading in the 50 cents range during the financial year.

REMUNERATION REPORT (AUDITED) (continued)

(H) Performance of ARC Funds Limited (continued)

The table below shows the performance for the Company as measured by its share price, market capitalisation, distributions via dividends and capital returns and profit from all operations (discontinued or ongoing) over the last five financial years.

	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Share price (adjusted)	$0.69	$0.36	$0.29	$0.26	$0.47
Market capitalisation ($000's)	8,620	4,850	3,754	7,742	14,134
Dividends paid ($000's)	-	-	-	-	-
Capital returns ($000's)	-	-	-	3,374	-
Profit/(loss) for the year ($000's)	1,281	(2,473)	(1,149)	(577)	(612)

This concludes the Remuneration Report, which has been audited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Pursuant to Access and Indemnity deeds signed by the parties when each Director was appointed, the Company has agreed to indemnify each Director against any liability incurred by being a Director of the Company and to pay all of the Directors reasonable defence costs in relation to any claim alleging any liability on the part of the Director as a result of being a Director of the Company. The Company has agreed to maintain Director's and Officers' Liability Insurance upon terms and conditions reasonably satisfactory to the Directors and to pay all reasonable or market premiums in respect to the insurance for a period of 7 years following the date when any Director ceases to be a Director of the Company. Under the terms of the policy, the Company is precluded from disclosing the details of premiums paid.

ENVIRONMENTAL REGULATION

No significant environmental regulations apply to the economic entity.

CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the economic entity other than those noted under significant events during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no material legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

SUBSEQUENT EVENTS

There are no events subsequent to the reporting date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is seeking to continue to develop and expand the funds management activities through the part ownership of fund managers and funds management operations investing across a range of asset classes. Alongside this, the company is also considering strategic partnerships and initiatives that would help scale the funds management operations and/or our distribution capabilities. The Directors have excluded information on the expected results of the economic entity. The Directors have budgeted annual cash operating costs of approximately $600,000 from the normal operations of the Company. This is prior to the costs/benefits of any business development or initiatives or any dividend receipts or investment returns from any principal investment.

NON AUDIT SERVICES

During the year the Company's auditors performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid to the auditors of the Company for audit and non-audit services provided during the year are set out in Note 5 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 13.

Dated at Brisbane this 24th day of August 2022.

Signed in accordance with a resolution of the Board of Directors of ARC Funds Limited

J A Jackson - Chairman

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

TO THE DIRECTORS OF ARC FUNDS LIMITED

AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys.

Bentleys Brisbane (Audit) Pty Ltd

Ashley Carle
Director

Brisbane
24 August 2022

FINANCIAL REPORT FOR THE YEAR TO 30th JUNE 2022

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022
Statement of Financial Position as at 30 June 2022
Statement of Changes in Equity for the year ended 30 June 2022
Statement of Cash Flows for the year ended 30 June 2022

NOTES:

ARC FUNDS LIMITED AND CONTROLLED ENTITIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	Economic Entity 2022 $	2021 $
Continuing operations			
Revenues	2	4,921	(176,912)
Other expenses	3	(559,171)	(423,762)
Finance costs	4	(290)	(2,705)
Gain on sale of subsidiary		-	30,642
Share of net profit of jointly controlled entities accounted for using the equity method	15	(57,893)	-
Loss before income tax		(612,433)	(572,737)
Income tax benefit	7	-	(4,749)
Loss after income tax		(612,433)	(577,486)
Loss attributable to non-controlling interests		-	-
Loss after income tax and non-controlling interests		(612,433)	(577,486)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to owners of ARC Funds Limited		(612,433)	(577,486)
Basic loss (cents) per share from continuing operations	8	(2.0)	(3.9)
Diluted loss (cents) per share from continuing operations	8	(2.0)	(3.9)
Dividends (cents) per share	6	-	-

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

ARC FUNDS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Economic Entity 2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	9	2,414,522	3,418,035
Financial assets	10	-	22,900
Trade and other receivables	11	11,099	11,838
Loans to 3rd Parties	12	125,000	-
TOTAL CURRENT ASSETS		2,550,621	3,452,773
NON-CURRENT ASSETS			
Investments accounted for using the equity method	15	389,456	-
TOTAL NON-CURRENT ASSETS		389,456	-
TOTAL ASSETS		2,940,077	3,452,773
CURRENT LIABILITIES			
Trade and other payables	16	30,277	124,723
Employee provisions		7,933	-
TOTAL CURRENT LIABILITIES		38,210	124,723
TOTAL LIABILITIES		38,210	124,723
NET ASSETS		2,901,867	3,328,050
EQUITY			
Issued Capital	18A	20,153,280	20,078,280
Options Reserve	19	111,250	-
Accumulated Losses		(17,362,663)	(16,750,230)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF ARC FUNDS LIMITED		2,901,867	3,328,050

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

ARC FUNDS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

ECONOMIC ENTITY	Issued Capital $	Share Based Payments Reserve $	Options Reserve $	Accumulated Losses $	Total Equity $
As at 30 June 2020	**20,178,935**	**68,588**	**387,303**	**(16,629,647)**	**4,005,179**
Total comprehensive income for the period	-	-	-	(577,486)	(577,486)
Share based payments reserve	-	1,012	-	-	1,012
Unlisted options lapsed	-	(69,600)	-	69,600	-
Listed options lapsed	-	-	(387,303)	387,303	-
In specie distribution	(3,374,543)	-	-	-	(3,374,543)
Share placement	388,387	-	-	-	388,387
Rights Issue, net of transaction costs	2,885,501	-	-	-	2,885,501
As at 30 June 2021	**20,078,280**	**-**	**-**	**(16,750,230)**	**3,328,050**
Total comprehensive income for the period	-	-	-	(612,433)	(612,433)
Unlisted options issued	-	-	111,250	-	111,250
Share based payments	75,000	-	-	-	75,000
As at 30 June 2022	**20,153,280**	**-**	**111,250**	**(17,362,663)**	**2,901,867**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

ARC FUNDS LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Economic Entity 2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(566,945)	(333,374)
Proceeds from sale of investments		24,187	521,373
Dividends received		-	2,055
Interest received		634	54
Finance costs paid		(290)	(2,705)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	**22 (A)**	**(542,414)**	**187,403**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from equity issuance		-	3,273,888
Repayment of loan to 3rd Party	**22 (B)**	-	(200,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**-**	**3,073,888**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loan to 3rd Party		(125,000)	-
Payments for investments accounted for using the equity method		(336,099)	-
Proceeds from sale of subsidiary – net		-	40,600
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		**(461,099)**	**40,600**
Net (decrease)/increase in cash held		(1,003,513)	3,301,891
Cash at the beginning of the financial year		3,418,035	116,144
Cash at the end of the financial year	**9**	**2,414,522**	**3,418,035**

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been approved for issue by the Board of Directors of ARC Funds Limited on 24 August 2022. The functional currency of the entity is measured using the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the economic entity's functional and presentation currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements cover the economic entity, consisting of ARC Funds Limited and its subsidiaries and covers the financial year ended 30 June 2022. ARC Funds Limited is a publicly listed entity, incorporated and domiciled in Australia.

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group. The principal accounting policies adopted in the preparation of this financial report are set out below.

A. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASB's"), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements also comply with International Financial Reporting Standards.

The Group is a "for-profit" entity, the principal activities of which during the financial year ended 30 June 2022 included 'equity investment' and 'funds management and financial services'. There were no significant changes in the nature of the group's activities during the financial year.

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historic costs as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Amendments to Accounting Standards

In accordance with Corporations Amendment (Corporate Reporting Reform) Act 2010, the economic entity has dispensed with the inclusion of parent company accounts but discloses the requisite information for the parent company as per note 14.

B. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ARC Funds Limited (''company'' or ''parent entity'') as at 30 June 2022 and the results of all subsidiaries for the year then ended. ARC Funds Limited and its subsidiaries together are referred to in these financial statements as "group" or "the economic entity".

Subsidiaries are all those entities over which the economic entity has control. The economic entity controls an entity when the economic entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the economic entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the economic entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the economic entity.

Investments in subsidiaries are accounted for at the lower of cost or recoverable value in the individual financial statements of the parent entity.

C. Operating Segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

D. Income Tax
The income tax (expense) revenue for the year comprises current income tax (expense) income and deferred tax (expense) income.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax (liabilities) assets are therefore measured at the amounts expected to be (paid to) recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well unused tax losses.

Current and deferred income tax (expense) benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

ARC Funds Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as at 1 July 2003.

The wholly-owned entities have not compensated ARC Funds Limited for deferred tax liabilities assumed by ARC Funds Limited on the date of the implementation of the legislation.

E. Revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Net gain on investments are recognised when a contract note is issued in the case of a sale of shares or when a signed transfer agreement has been affected with the purchaser.

F. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

– amortised cost; or
– fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

– held for trading; or
– initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

– incurred for the purpose of repurchasing or repaying in the near term;
– part of a portfolio where there is an actual pattern of short-term profit taking; or
– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:
- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.
The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.
All the following criteria need to be satisfied for the derecognition of a financial asset:
– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Group elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The Group recognises a loss allowance for expected credit losses on:
– financial assets that are measured at amortised cost or fair value through other comprehensive income;
– lease receivables;
– contract assets (eg amount due from customers under construction contracts);
– loan commitments that are not measured at fair value through profit or loss; and
– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
– financial assets measured at fair value through profit or loss; or
– equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:
– the general approach;
– the simplified approach;

General approach
Under the general approach, at each reporting period, the Group assessed whether the financial instruments are credit impaired, and:
- if the credit risk of the financial instrument increased significantly since initial recognition, the Group measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, the Group measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.
This approach is applicable to:
- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

G. Trade and Other Receivables
Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at the reporting date plus accrued interest and less, where applicable, any unearned income or allowance for expected credit losses.

H. Trade and Other Payables
Accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

I. Finance Costs
Borrowing costs are expensed in the period in which they are incurred.

J. Employee Benefits
Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised as current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Share based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees and directors.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees and directors in exchange for the rendering of services.

Share based payments are expensed over the period that the payments vest to the employee and directors with a corresponding increase in equity over the vesting period.

K. Cash and Cash Equivalents
For the purpose of the Statement of Cash Flows, cash includes cash at bank and on hand and term deposits, offset by loans from a margin lending or overdraft facility.

L. Goods and Services Tax
Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australia Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. Cash flows in the Statement of Cash Flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

M. Contributed Equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the cost of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as part of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised in equity.

N. Earnings Per Share
Basic earnings per share
Basic earnings per share is determined by dividing net profit/(loss) after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect if interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

O. Intangible Assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

P. Impairment of Non-Financial Assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Q. 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.

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.

R. Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts classified as short-term leases (with a remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be paid by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses" in the statement of profit or loss and other comprehensive income.

S. Investment in Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transactions costs) and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or the loss of the associate is included in the Group's profit or loss. The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of the investment, is recognised in profit or loss in the period in which the investment is recognised.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group discontinues recognising its share of future losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the association subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

T. Business Combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

U. Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

V. New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022.

The Group anticipates to adopt these standards from their relevant application dates. Based on the preliminary assessment these standards are not expected to have a material effect.

W. Critical Accounting Estimates and Judgments
The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

	Economic Entity 2022 $	Economic Entity 2021 $
2. REVENUES		
Interest revenue	634	54
Dividend income	-	2,055
Change in fair value of investments	1,287	(179,914)
Service charges	3,000	-
Miscellaneous Income	-	893
TOTAL REVENUES	**4,921**	**(176,912)**

3. PROFIT/(LOSS) FOR THE YEAR

EXPENSES

	2022 $	2021 $
Auditors remuneration – audit, audit review and accruals	43,556	32,000
Directors fees, employee benefits and costs	263,225	157,125
Share based payments	-	1,012
Legal Expenses	46,874	41,157
Insurance	26,810	21,374
Office and occupancy expenses – other	-	8,000
Other expenses	178,706	163,094
TOTAL EXPENSES EXCLUDING FINANCE COSTS	**559,171**	**423,762**

4. FINANCE COSTS

	2022 $	2021 $
External	290	2,705
Total finance costs	**290**	**2,705**

	Economic Entity	
	2022	**2021**
	$	**$**

5. AUDITORS REMUNERATION

Remuneration of the auditors of the parent entity for:		
Auditing and reviewing the financial statements	41,056	32,000
Audit of controlled entities	2,500	-
	43,556	32,000

Non-audit services

The auditors of the Company, Bentleys, did provide non-audit related services to the Company. The Board of Directors in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the auditor for non-audit services provided during the relevant years:

Taxation services		
- Bentleys	3,125	11,550

6. DIVIDENDS AND FRANKING CREDIT BALANCES

Franking Credits		
Balance of franking account at the reporting date adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	48,634	48,634

No dividends were declared or paid in respect of the years ended 30 June 2022 or 30 June 2021.

	Economic Entity 2022 $	2021 $

7. INCOME TAX

(A) INCOME TAX

The aggregate amount of income tax expense/(benefit) attributable to the year differs from the amount prima facie payable on the profit/(loss) from ordinary activities. The differences are reconciled as follows:

	2022 $	2021 $
Profit/(loss) before tax	(612,433)	(572,737)
Prima facie income tax expense/(benefit) on the profit/(loss) before income tax at 25% (2021: 27.5%)	(153,108)	(157,503)
Add/(deduct) tax effect of:		
Tax losses used/(not brought to account)	135,527	161,931
Share of profits of entities under joint control	14,473	-
Franking credits	-	43
Other permanent differences	-	278
Other timing differences	3,108	-
	153,108	162,252
Income tax (benefit)/expense attributable to entity	-	4,749

The effective tax rate of 0% (2021: 0%) mainly arises from adjustments to past deferred tax balances and a decision not to bring to account tax losses (2021: not to bring to account tax losses) in respect of the current year.

	2022 $	2021 $
Income tax benefit/(expense) is made up of:		
Deferred tax	-	(4,749)
	-	(4,749)

(B) DEFERRED TAX ASSETS

	2022 $	2021 $
Deferred tax assets comprise:		
Temporary differences – accruals	-	-
	-	-

(C) RECONCILIATIONS

	2022 $	2021 $
The overall movement in the deferred tax account is as follows:		
Opening balance	-	7,239
Subsidiary disposal	-	(2,490)
(Debit) to statement of profit or loss and other comprehensive income	-	(4,749)
Closing balance	-	-

(D) DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT

On 30 June 2022, the economic entity had estimated unrecouped operating income tax losses of $15,004,949 (2021: $14,462,843) which are not presented on the Statement of Financial Position. The benefit of these losses has not been brought to account as realisation is not probable. The benefit will only be obtained if:

(i) the companies derive future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised;
(ii) the companies continue to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the companies in realising the benefit from the deductions for the losses.

	Economic Entity 2022 $	Economic Entity 2021 $
8. EARNINGS PER SHARE		
Continuing operations		
Earnings used in the calculation of basic EPS	(612,433)	(577,486)
Earnings used in the calculation of diluted EPS	(612,433)	(577,486)
Weighted average number of ordinary shares outstanding during the year used in calculation of EPS:		
basic EPS	30,001,352	14,996,061
diluted EPS	30,001,352	14,996,061
Basic loss per share (cents)	(2.0)	(3.9)
Diluted loss per share (cents)	(2.0)	(3.9)
9. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	2,414,522	3,418,035
Net cash and cash equivalents as per Statement of Cash Flows	2,414,522	3,418,035
10. FINANCIAL ASSETS (CURRENT)		
Fair value through profit or loss:		
Listed investments at fair value		
- shares in listed corporations (note 26F)	-	22,900
TOTAL	-	22,900
11. TRADE AND OTHER RECEIVABLES		
CURRENT		
Other debtors and receivables	11,099	11,838
	11,099	11,838
12. LOAN TO 3RD PARTY		
Loan to 3rd Party	125,000	-

ARC has agreed to fund Lanyon Asset Management Pty Ltd working capital by way of converting loan issued to ARC. The total consideration is to be $150,000 (plus LAN's re-listing fee), with $100,000 issued immediately, and two additional of $25,000 each over the next two months ($125,000 has been drawn as at 30 June 22). The converting loan is on an interest free, unsecured basis.

13. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2022	2021
Parent Entity:			
ARC Funds Limited	Australia		
Controlled Entities of ARC Funds Limited:			
ARC Operations Pty Ltd	Australia	100%	-
ARC Investment Management Pty Ltd	Australia	85%	-

14. PARENT ENTITY INFORMATION

Information relating to the parent entity, ARC Funds Limited:

	Economic Entity 2022 $	2021 $
Current Assets	2,560,405	3,452,773
Total Assets	2,949,861	3,452,773
Current Liabilities	38,210	124,723
Total Liabilities	38,210	124,723
Issued Capital	20,153,280	20,078,280
Options Reserve	111,250	-
Accumulated Losses	(17,352,879)	(16,750,230)
Total Shareholders' Equity	2,911,651	3,328,050
Profit/(Loss) of the parent entity	(602,649)	(577,486)
Total comprehensive income of the parent entity	(602,649)	(577,486)

As at 30 June 2022 and 30 June 2021, the parent entity had not entered into any guarantees in relation to the debts of its subsidiaries, nor had entered into any contractual commitments for the acquisition of property, plant or equipment.

15. INVESTMENTS ACOUNTED FOR USING THE EQUITY METHOD

(A) INFORMATION ABOUT PRINCIPAL ASSOCIATES

The Group holds investments in entities that undertake investment management activities as part of its strategic direction and plan.

Information relating to these investments is set out below.

Name of company	Principal Activity	Class of security	Ownership interest	Carrying Value
Merewether Capital Management Pty Ltd (Merewether)	Funds Management	Ordinary share	40%	212,471
Magnum Funds Management Pty Ltd (Magnum	Funds Management	Ordinary share	25%	176,985

Each of the above entities were invested in during the 30 June 22 financial year and have been accounted for using the equity method.

Each of the above entities is incorporated and has their principal place of business in Australia.

Impairment testing is carried out on the carrying value of the Group's investments accounted for using the equity method at each reporting date. For the purpose of impairment testing, each investment is assessed individually as each represents a separate 'cash generating unit' (CGU), with the carrying value compared to the 'recoverable amount'. The 'recoverable amount' is defined as the higher of each CGU's fair value less costs of disposal and its value in use.

An impairment trigger assessment was carried out at 30 June 2022 and no impairment triggers were deemed to exist at this date. As a result of these analyses, there has been no impairment to the Group's investments accounted for using the equity method in the financial year ended 30 June 2022 (30 June 2021: $nil).

Revenues generated by Associates are impacted by movements in equities and other markets which, in turn, could impact the Group's share of net profit of associates and joint ventures accounted for using the equity method. Revenues generated by Affiliates may also be impacted by movements in interest rates which, in turn, could impact the Group's share of net profit of associates and joint ventures accounted for using the equity method.

(B) COMMITMENTS AND CONTINGENT LIABILITIES IN RESPECT ASSOCIATES

There are no commitments at 30 June 2022 relating to the associates that the Group is liable for.

The Group is not liable for any contingent liabilities arising from its interests in associates.

15. INVESTMENTS ACOUNTED FOR USING THE EQUITY METHOD (continued)

(C) SUMMARISED FINANCIAL INFORMATION FOR INVESTMENTS IN ASSOCIATES

The tables below provide summarised financial information for those associates that are material to the group. The Group assesses materiality based on each associates' relative contribution to share of carrying value and share of net profits, and other qualitative factors. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not ARC Funds Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Merewether	**Magnum**
Summarised statement of financial position		
Cash	60,606	107,480
Other Assets	53,981	24,395
Total Liabilities	13,581	5,058
Closing net assets	101,006	126,816
Group share in %	40%	25%
Reconciliation to carrying amounts		
Opening net assets 1 July 2021	-	-
Issued Shares	200,000	200,000
Reserves	-	-
Total comprehensive income	(98,994)	(73,184)
Dividends paid	-	-
Closing net assets	101,006	126,816
ARC share of net assets	40,403	31,704
Excess consideration over share of net assets	172,068	145,281
ARC Carrying amount	212,471	176,985
Summarised statement of comprehensive income		
Revenue	37,700	21
Net profit for the year after tax	(98,994)	(73,184)
Other comprehensive income	-	-
Total comprehensive income	(98,994)	(73,184)
Dividends received from associates	0	0
ARC's share of net result	(39,597)	(18,296)

(D) MOVEMENT IN CARRYING AMOUNTS	**2022 $**	**2021 $**
Carrying amount at the beginning of the financial year	-	-
Purchase of shares in entities accounted for using the equity method	250,000	-
Capitalised establishment expenses	86,099	-
Fair value of Options issued	111,250	
Sales of shares in entities accounted for using the equity method	-	-
Share of profit after income tax	(57,893)	-
Carrying amount at the end of the financial year	389,456	0

	Economic Entity 2022 $	2021 $
16. TRADE AND OTHER PAYABLES		
Trade creditors	52	52
Other creditors and accruals	30,225	124,671
	30,277	124,723

17. CONTINGENT LIABILITIES

The Economic Entity has no outstanding contingent liabilities (2021: nil).

18. ISSUED CAPITAL

	2022 $	2021 $
30,076,352 fully paid authorised ordinary shares (2021: 29,776,352)	20,153,280	20,078,280

Terms and conditions of contributed equity:
Ordinary shares have no par value. Ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The voting rights attached to the ordinary shares at a general meeting of shareholders are such that on a show of hands every member present (in person or by proxy) shall have one vote and on a poll one vote for each share held.

MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE YEAR
(A) ORDINARY SHARES

Date	Details	Number of shares	$
1 July 2021	Opening balance	29,776,352	20,078,280
21 October 2021	Share based payments	300,000	75,000
30 June 2022	Closing balance	30,076,352	20,153,280

	Economic Entity 2022 $	Economic Entity 2021 $
19. OPTION RESERVE		
Option Reserve	111,250	-

On 3 November 2021, ARC announced that it had entered into a binding agreement to acquire a 25% of the issued share capital of Magnum Funds Management Pty Ltd. In consideration for Magnum Funds Management Pty Ltd entering into this transaction, ARC has issued 1,000,000 unlisted options over fully paid ordinary shares in ARC (Options) at an exercise price of $1.00 per share, with a 3-year expiry from meeting agreed vesting conditions. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: $0.1125 per option
- Exercise price: $1.00
- Grant date: 3 November 2021
- Vesting date, the Options will vest as follows:
  - 500,000 Options will vest and become exercisable upon the satisfaction of Vesting Condition 1. Vesting Condition 1 means the date on which the Fund is listed on the Chi-X and begins to operate; and
  - 500,000 Options will vest and become exercisable upon the satisfaction of Vesting Condition 2. Vesting Condition 2 means the date that is the 1 year anniversary of the Vesting Condition 1 being satisfied, provided that the Fund remains in operation and listed and trading normally on the Chi-X;
- Share price at grant date: $0.635
- Expected price volatility of the Company's shares: 50%
- Expected dividend yield: 0%
- Risk-free interest rate: 0.89%
- Options issued under the plan carry no dividend and voting rights.

20. KEY MANAGEMENT PERSONNEL

The names and positions held by Key Management Personnel of the economic entity who have held office during the financial year are:

Directors

James Jackson	Chairman
Harley Grosser	Managing Director
Darren Anderson	Director – Non-Executive
Wayne Massey	Director – Executive

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2022 $	2021 $
Short-term employee benefits	240,016	70,000
Post-employment benefits	23,209	12,125
Share based payments	-	76,012
	263,225	158,137

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2022	Balance at start of the year	Received as part of remuneration	Additions	Disposals / other	Balance at the end of the year
Ordinary shares					
James Jackson	2,722,158	200,000	42,842	-	2,965,000
Harley Grosser	9,509,909	-	826,705	-	10,336,614
Darren Anderson	438,655	100,000	-	-	538,655
Wayne Massey	520,176	-	-	-	520,176
	13,190,888	300,000	869,547	-	14,360,435
2021					
Ordinary shares					
James Jackson	2,708,690	-	13,468	-	2,722,158
Darren Anderson	407,405	-	31,250	-	438,655
Wayne Massey	260,088	-	260,088	-	520,176
	3,376,183	-	304,806	-	3,680,989

Related party transactions

Related party transactions are set out in note 24.

21. CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

The Economic Entity has no outstanding operating lease commitments (2021: nil).

(B) CAPITAL COMMITMENTS

The Economic Entity has no outstanding capital commitments (2021: nil).

(C) SUPERANNUATION

The Company contributes superannuation payments on behalf of directors of the economic entity in accordance with prescribed Government legislation. The Company is not committed to funding any shortfall in the earnings of any of the individual superannuation funds.

22. CASH FLOW INFORMATION

(C) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING PROFIT/(LOSS) AFTER TAX

	Economic Entity 2022 $	Economic Entity 2021 $
Operating profit/(loss) after income tax	(612,433)	(577,486)
Cash flows excluded from profit/(loss) attributable to operating activities:		
Proceeds from sales of investments	24,187	521,373
Gain on sale of subsidiary	-	(30,642)
Non cash flows in operating profit/(loss):		
Change in fair value of investments retained	(1,287)	179,914
Investments accounted for using the equity method	57,893	-
Share based payments	75,000	1,012
Changes in assets and liabilities net of acquisitions:		
(Increase)/decrease in deferred tax balances	-	7,239
(Increase)/decrease in sundry debtors & prepayments	739	9,672
(Increase)/decrease in intangibles	-	7,709
(Decrease)/increase in trade creditors & accruals	(86,513)	68,612
Cash flows (used in)/provided by operations	**(542,414)**	**187,403**

(D) RECONCILIATION OF CASH FLOWS FROM FINANCING ACTIVITIES

	2022 $	2021 $
Short-term borrowings		
Opening balance 01 July	-	200,000
Cash flows	-	(200,000)
Closing balance	**-**	**200,000**

23. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the reporting date.

24. RELATED PARTY INFORMATION AND TRANSACTIONS

Ultimate Controlling Entity
The ultimate controlling entity of the economic entity is ARC Funds Limited (refer notes 13 and 14).

Key management personnel remuneration
During the financial year, total remuneration of $263,225 (2021: $158,137) was paid to Directors and key management personnel by the economic entity, including partially owned controlled entities. Details of the payments and shareholdings in ARC Funds Limited of Directors and key management personnel are shown in the Remuneration Report contained as part of the Directors Report on pages–8 - 11 of this Financial Report.

ARC Funds Limited transactions with controlled entities
During the financial year, ARC Funds Limited advanced and repaid loans, sold and purchased goods and services, and provided management, accounting and administrative assistance to its controlled entities. At 30 June 2022, the parent was owed from controlled entities $59,783 (2021: owed $0). All loans advanced to and from these controlled entities are unsecured, subordinate to other liabilities and do not bear interest. Loans between members of the tax consolidated group are not on normal terms and conditions.

No dividends were received from controlled entities in either of the periods to 30 June 2022 or 30 June 2021.

Other related party transactions
In the year to 30 June 2022, the Company paid Holding Redlich total invoices, including GST, of $112,291 (2021: $93,701) in respect of legal advice and related disbursements. Darren Anderson, a Director of the Company has been a Partner of Holding Redlich since November 2019. All fees and charges rendered by Holding Redlich were on commercial terms or more advantageous to the Company and were approved by Directors other than Darren Anderson.

At 30 June 2022, the parent owed Holding Redlich $0 (2021: $0).

25. ACQUISITION OF CONTROLLED ENTITY

In 2015, ARC acquired 100% of the issued capital of Australian Rural Capital Management Pty. Limited (**ARCM**) at a premium of $7,709 to net asset value. This amount was recognised as Goodwill within the consolidated financial statements. ARCM was disposed of during the 30 June 21 financial year, this goodwill is no longer recognised within the consolidated financial statements.

26. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT

The economic entity undertakes transactions in a range of financial instruments including:

• listed shares and equity type securities in other corporations;
• cash assets;
• receivables;
• payables;
• deposits; and
• bills of exchange and commercial paper.

As a consequence, the Economic Entity is exposed to a number of financial risks. The Directors believe that these risks fall into two categories:

• "largely controllable risks" including interest rate risk, credit risk, and liquidity and operational risks; and
• "partly controllable risks" mainly arising from financial market risk.

We seek to sensibly mitigate the controllable risks but recognise that our financial performance is likely to be highly volatile as a result of "mark-to-market" accounting conventions, and the economic entity's portfolio of investments, which may be influenced by variety of financial risks: market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk.

The Board provides overall guidance in respect of risk management, mainly in the areas of approving individual security investments, and providing advice and guidance in respect of the economic entity's debt financing of its activities. The economic entity generally does not enter into derivative contracts as part of its day to day business, and has no major necessity to hedge specific exposures, given its relatively simple debt and equity financing structures and lack of overseas assets and liabilities.

(A) CAPITAL RISK MANAGEMENT

We aim to manage equity and debt capital in order to provide returns for shareholders, whilst maintaining the Economic Entity's ability to pay its debts as and when they come due. As a smaller corporation, there is limited ability to manage the overall cost of capital, since equity capital may not always be accessible, and if so, only at significant theoretical cost. These costs may result in significant dilution to existing shareholders percentage interest in the economic entity.

In addition, the supply of debt capital is also not always assured as a result of the economic entity's requirements to use major commercial banks. Since the economic entity's business is of a specialist nature, commercial banks may not always be willing to lend to support its activities or may do so on terms which are highly constraining. These constraints include not only the price of available credit – referenced by its margin over market based bank bill rates – but also the variable nature of covenants required to be observed by the economic entity.

26. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

To manage overall capital risks, it may be necessary for the Board of Directors to adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares. Capital is monitored on an overall basis, although in the past has had to be done so with an emphasis on maintaining access to debt facilities made available to the economic entity. These have historically required the economic entity to maintain stipulated ratios of total liabilities to total tangible assets, minimum net worth (in dollar terms), restricted the ability to pay dividends in certain circumstances, and required that a parcel of securities be lodged with the economic entity's debt financier. The economic entity fully repaid facilities which required maintenance of such criteria on 14 July 2010, although it has utilised overdraft facilities, from time to time, since that date.

(B) LARGELY CONTROLLABLE RISKS – INTEREST RATE RISK AND EXPOSURES

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets, such as interest bearing bank accounts. Historically, our interest rate liability risk arose primarily from drawdowns of bank accepted bills with a maximum of 180 days duration.

At current interest rates, over the course of a full year, an increase of 100 basis points in borrowing rates with an accompanying change in deposit rates would reduce pre-tax loss by $28,554 (2021: reduce pre-tax loss by $5,349).

Interest rate risk is not specifically managed since the economic entity has no fixed balance sheet inflow/outflow requirements which would require complex asset-liability management, and the maximum 180 day bill accepted drawdown nature of the previous facility inhibited such a requirement. Given the equity nature of the economic entity's investments, the Directors believe that any increases in the costs of debt finance could be mitigated by the sale of equity investments.

26. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

The following table summarises interest rate risk, for the economic entity with weighted average interest rates at reporting date:

	Interest Rate	Fixed Interest Rate $	Floating Interest Rate $	Non Interest Bearing $	Total $
ECONOMIC ENTITY 2022					
Financial assets:					
Cash and cash equivalents	0.05%	-	2,414,522	-	2,414,522
Loans to 3rd Parties	-	-	-	125,000	125,000
Trade and other receivables	-	-	-	11,099	11,099
		-	2,414,522	136,099	2,550,621
Financial Liabilities:					
Trade and other payables	-	-	-	30,277	30,277
	-	-	--	30,277	30,277
Net Financial Assets	-	-	2,414,522	105,822	2,520,344
ECONOMIC ENTITY 2021					
Financial assets:					
Cash and cash equivalents	0.05%	-	3,418,035	-	3,418,035
Trade and other receivables	-	-	-	11,838	11,838
Investments	-	-	-	22,900	22,900
		-	3,418,035	34,738	3,452,773
Financial Liabilities:					
Trade and other payables	-	-	-	124,723	124,723
Loan from 3rd party	-	-	-	124,723	124,723
Net Financial Assets	-	-	3,418,035	(89,985)	3,328,050

(C) LARGELY CONTROLLABLE RISKS – CREDIT RISK

Credit risk arises from cash and cash equivalents, financial assets at fair value through profit or loss, loans to entities under joint control, loans to shareholders and outstanding receivables.

Credit risk is managed on a Group basis. Credit risk relates to the risk of a client or counterparty defaulting on their financial obligations resulting in a loss to the Group. These obligations primarily relate loans to third parties. The Group does not carry significant trade receivable exposure to either a single counterparty or a group of counterparties. For banks and financial institutions, only independently rated parties with a minimum rating of BBB+ / A-1 are accepted as counterparties.

26. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

(D) LARGELY CONTROLLABLE RISKS – OPERATIONAL AND LIQUIDITY RISK

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the due date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help mitigate these risks we maintain constant monitoring of the economic entity's financial position through a series of cross-linked financial programs and attempt to ensure the economic entity has accessible liquidity in the form of cash and readily saleable securities. The contracted cash flows of all financial liabilities are equal to their carrying value and will mature within twelve months of the reporting date.

(E) PARTLY CONTROLLABLE RISKS – FINANCIAL MARKET AND SECURITIES RISK

Financial market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. In the main, this occurs due to the economic entity's investments in listed ordinary shares whose share prices can fluctuate significantly over short periods of time.

The Board of Directors regard financial market risk as being only partly controllable, since investing in ordinary shares is an inherent component of the economic entity's activities, from which it seeks to profit. The economic entity is subject to significant risks which it is largely unable to control as a result of investing in smaller companies.

Investments in these companies are subject to more volatile price fluctuations as a result of:

- illiquidity of trading in the investee company's securities;
- potential proprietorial conflict from large shareholdings owned by management or Directors;
- concentration of major shareholdings, which can lead to extreme negative fluctuations in share prices when single investors seek to sell their securities in the investee company, irrespective of the business performance of the investee;
- lack of diversification of business activities of the investee company, rendering the investee susceptible to volatility within a single industry; and
- non-voting or restricted voting securities or other restrictive mechanisms enshrined in investee constitutions.

In respect of individual securities, the Board of Directors monitors and approves significant exposures to individual securities, other than controlled entities. In addition, the inherent risks of significant exposures to individual entities are, on occasion, partly mitigated by board representation on the investee company. Due to the nature of securities owned, there is limited correlation with traditional stock market indices.

In the event that the listed company portfolio increased or decreased in value by 10% from the levels of 30 June 2022, there would be a corresponding positive or negative impact on pre-tax profit/(loss) of $0 (2021: $2,290).

(F) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As of 1 July 2009, the group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

26. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

30 June 2022	Level 1 $	Level 2 $	Level 3 $	TOTAL $
Financial assets at fair value through profit or loss:				
Shares in other corporations	-	-	-	-
TOTAL	-	-	-	-

30 June 2021	Level 1 $	Level 2 $	Level 3 $	TOTAL $
Financial assets at fair value through profit or loss:				
Shares in other corporations	22,900	-	-	22,900
TOTAL	22,900	-	-	22,900

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial assets/financial liabilities	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	30 June 2022	30 June 2021				
Held for trading non-derivative financial assets (see note 10)	Listed Australian equity securities: Agricultural industry - $nil	Listed Australian equity securities: Agricultural industry - $22,900	Level 1	Quoted bid prices in an active market	N/A	N/A

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Other data on net fair values of assets and liabilities is presented in note 10 to the financial statements.

26. FINANCIAL INSTRUMENTS, RISK MANGEMENT AND CAPITAL RISK MANAGEMENT (continued)

(G) RECONCILIATION OF NET FINANCIAL ASSETS TO NET ASSETS

	Economic Entity	
	2022	**2021**
	$	**$**
Net Financial Assets as above	2,520,344	3,328,050
Non financial assets and liabilities:		
Investments accounted for using the equity method	389,456	-
Deferred tax assets	-	-
Employee provisions	(7,933)	
Net assets per balance sheet	2,901,867	3,328,050

27. COMPANY DETAILS

The Registered Office and Principal Place of Business of the Economic Entity c/- Acclime Australia, Level 7, 330 Collins Street, Melbourne VIC 3000.

28. SEGMENT REPORTING

The Economic Entity has two reportable segments, which both solely operate in one geographic segment, being Australia. Segment results, assets and liabilities include items directly attributable to a segment. Information about each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Managing Director, who is also the chief operating decision maker.

Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of each operating segment. The reportable segments are as follows:

Funds management: management of investment vehicles and provision of funds management services.

Investment: investment in agriculture related entities, schemes and securities; "microcap" Australian companies, and other financial services entities.

2022	**Funds Management $**	**Investment $**	**Unallocated $**	**TOTAL $**
External revenue	3,000	1,287	-	4,287
Interest revenue	-	634	-	634
Expenses other than finance, depreciation and amortisation	-	-	(559,171)	(559,171)
Share of net profit/(loss) of jointly controlled entities accounted for using the equity method	(57,893)	-	-	(57,893)
SEGMENT RESULT	(54,893)	1,921	(559,171)	(612,143)
Finance Costs	-	-	(290)	(290)
PROFIT/(LOSS) BEFORE INCOME TAX	(54,893)	1,921	(559,461)	(612,433)
Income tax expense	-	-	-	-
PROFIT/(LOSS) AFTER INCOME TAX	(54,893)	1,921	(559,461)	(612,433)
Segment Assets	514,456	-	2,425,622	2,940,077
Segment Liabilities	-	-	38,210	38,210
Capital Expenditure	-	-	-	-

2021	**Funds Management $**	**Investment $**	**Unallocated $**	**TOTAL $**
External revenue	-	(146,324)	-	(146,324)
Interest revenue	-	54	-	54
Expenses other than finance, depreciation and amortisation	-	-	(423,762)	(423,762)
SEGMENT RESULT	-	(146,270)	(423,762)	(570,032)
Finance Costs	-	-	(2,705)	(2,705)
PROFIT/(LOSS) BEFORE INCOME TAX	-	(146,270)	(426,467)	(572,737)
Income tax expense	-	-	(4,749)	(4,749)
PROFIT/(LOSS) AFTER INCOME TAX	-	(146,270)	(431,216)	(577,486)
Segment Assets	-	22,900	3,429,873	3,452,773
Segment Liabilities	-	-	124,723	124,723
Capital Expenditure	-	-	-	-

DIRECTORS DECLARATION

In accordance with a resolution of the Board of directors of ARC Funds Limited, we declare that:

(a) The financial statements and notes of the Economic Entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Economic Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date;

(ii) complying with Accounting Standards and Corporations Regulations; and

(iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements; and

(b) In the opinion of the directors, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable.

(c) The Managing Director has declared that:

(i) the financial records of the Economic Entity for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
(ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
(iii) the financial statements and notes for the financial year give a true and fair view.

(d) The remuneration disclosures that are contained in pages 8 to 11 of the Directors' Report comply with Australian Accounting Standard AASB 124 Related Parties and Corporations Regulations 2001.

On behalf of the Board

J A Jackson
Chairman

Date: 24 August 2022

Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ARC Funds Limited (the Company and its controlled entities (the "Group")), which comprises the consolidated statement of financial position as at 30 June 2022 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
(ii) complying with Australian Accounting Standards 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 Australian 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
As disclosed in Note 15, ARC holds investments in two other entities (Merewether Capital Management Pty Ltd and Magnum Funds Management Pty Ltd) which have been accounted for using the equity method. This resulted in new material balances being recognised for the first time in the statement of financial position. This was considered to be a key audit matter due to the judgment in determining on how to account the investments and its impact on the Group's Financial Assets.	Our procedures amongst others included: • Reviewing relevant shareholder agreements; • Evaluating the accounting treatment of the transaction, including associated costs capitalised; • Reviewing information to assess whether any impairment exists for each investment and • Assessing the adequacy of the disclosure in Note 15 of the Financial Report

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED
(Continued)

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, 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.

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 for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the 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 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 the 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 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.

Bentleys THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED
(Continued)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the directors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report
Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of ARC Funds Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants
Brisbane
24 August 2022

Ashley Carle
Director

ARC FUNDS LIMITED.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2022

A. Range of Shares Issued as at 16 August 2022

As at 16 August 2022 there were 30,076,352 ordinary shares held by 523 shareholders, all of which were quoted on the ASX.

Range	Holders	Shares held	% of capital
1-1,000	298	56,958	0.19
1,001-5,000	68	170,531	0.57
5,001-10,000	28	220,872	0.73
10,001-100,000	93	3,597,915	11.96
100,001-9,999,999,999	36	26,030,076	86.55
Totals	**523**	**30,076,352**	**100.00**

There are 306 shareholders owning a total of 65,699 shares who own unmarketable parcels of the Company's securities.

B. Top Twenty shareholders as at 16 August 2022

Holder	Shares held	% of capital
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,204,393	23.954%
CAPITAL H MANAGEMENT PTY LTD	3,012,329	10.016%
AGRICO PTY LTD <PALM SUPER FUND A/C>	1,553,604	5.166%
DR EWAN RODERICK NIXON	1,428,000	4.748%
FEDERAL PACIFIC HOLDINGS PTY LTD	1,250,000	4.156%
AGRICO INVESTMENTS PTY LIMITED	1,231,511	4.095%
MISTOVER PTY LTD <MISTOVER A/C>	1,000,000	3.325%
POAL PTY LTD <BARAIN SUPER FUND A/C>	997,164	3.315%
MR PETER GEOFFREY HOLLICK & MS HELEN THERESE PATTINSON <MACDY NO 5 SUPER FUND A/C>	945,618	3.144%
P K CAPITAL PTY LTD	750,000	2.494%
PUNTERO PTY LTD	660,000	2.194%
FEDERAL PACIFIC HOLDINGS PTY LTD	487,842	1.622%
DATALA INVESTMENTS PTY LTD <DEEP NORTH SECURIT S/F A/C>	344,905	1.147%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	341,836	1.137%
MR JOEL DAVID WEBB	325,000	1.081%
CROMMO PTY LTD	300,000	0.997%
CLAPSY PTY LTD <BARON SUPER FUND A/C>	300,000	0.997%
CLAPSY PTY LTD <BARON SUPER FUND A/C>	300,000	0.997%
CITICORP NOMINEES PTY LIMITED	274,377	0.912%
MR WAYNE MORRISON MASSEY & MRS RUTH VALERIE MASSEY <WARM SUPER FUND A/C>	270,176	0.898%
Total Securities of Top 20 Holdings	**22,976,755**	**76.395%**

C. Voting Rights

Shareholders are entitled to one vote for each share held. On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

OTHER REQUIRED INFORMATION – YEAR ENDED 30 JUNE 2022 (CONTINUED)

D. Other equity securities on issue

1,000,000 Unlisted Options expiring 09/11/2024 and exercisable at $1.00 held by Magnum Holdings Australia Pty Ltd.

These options are subject to vesting conditions and do not carry a right to vote.

E. Substantial Shareholders

The company has received the following substantial holder notices from shareholders who hold relevant interests in the company's ordinary shares as at 16 August 2022:

Substantial Shareholder	Shares Held	Holding
Capital H Management Pty Ltd	10,499,861	34.91%
Agrico Investments Pty Limited	3,167,657	10.6%
James Andrew Jackson (relevant interests)	2,922,158	9.72%
Paul Young	1,829,706	6.1%

F. Corporate Governance Statement and Information

The Company's Corporate Governance Statement and other corporate governance related information including Securities Trading Policy, Board Charter, Risk and Audit Committee Charter and Code of Conduct is available at the Company's website: www.arcfunds.com.au/investors/.