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**Alliant Perpetual
and Subsidiaries**

**Consolidated Financial Statements
for the year ended 31 January 2021**

Alliant Perpetual and Subsidiaries

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**Alliant Perpetual and Subsidiaries
Directors' Report
For the year ended 31 January 2021**

S95 of the Building Society Act 1965 (NZ) requires Directors to attach a report to the Financial Statements. (Section 95: replaced, on 1 April 2014, by section 7 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102)).

The Directors are pleased to present the financial statements of Alliant Perpetual and Subsidiaries for the year ended 31 January 2021.

INCORPORATION: The Alliant Perpetual Building Society (the "Society") was incorporated on 28 April 2008, pursuant to the Building Society Act 1965 (NZ).

ACTIVITIES: The main activities of the Society were the provision of investment management and associated services for members and non-members.

RESULTS: As per the financial statement, the result for the period was a loss of \$423,333 (2020: profit of \$155,887).

CAPITAL: As per the financial statements, the Society's issued capital is \$79,339 with net liabilities of \$43,269.

OFFICES: The Society maintains two offices:
(1) Registered Office: Level 3, 18 London Street, Hamilton, New Zealand. Records are held at this address.
(2) Australian Office: Level 18 Waterfront Place, 1 Eagle Street, Brisbane, Australia.

EXECUTIVE: Mr Clive P. Kay – CEO
Mr Ross J. McKinnon – Director

AUDITOR: IRCS Limited

SIGNIFICANT EVENTS:

The facts in this report relate to investment and operational matters of Alliant Perpetual.

During the reporting period the Group's shareholders entered into a Share Purchase Agreement (SPA) with an acquirer and investor. The payment schedule agreed to in the SPA was to be concluded prior to the end of the reporting period, however, has been significantly delayed beyond this as result of travel restrictions due to COVID-19. The acquirer/investor has made alternative arrangements and expects to complete the transaction in Q2 2021. Per Note 6 the maximum agreed capital investment is AUD\$12,000,000 (NZD\$12,706,225) which will have a significantly positive impact on the capital base.

Covid-19 has had minimal impact on the operations of the Group for the period. The Group has been proactive in mitigating any impact on its operations by increasing its engagement with the portfolio in addition to the fund manager and engaging an independent valuer. In response to the market changes brought about by the pandemic management has requested early divestment of its assets which is progressing well albeit slowly. We continue to support the fund managers in their efforts to accommodate this request through our professional and capital networks.

Despite these conditions, the portfolios investees remain sufficiently capitalised given their current activities and access to government support (grants, R&D tax rebates, COVID support etc.) for qualifying investee companies have been received, where applicable. Whilst the ongoing disruptions pose a liquidity risk among the portfolio, the fund manager is making progress in divesting portfolio companies where the market or transactional value meets or exceeds their intrinsic value.

**Alliant Perpetual and Subsidiaries
Directors' Report
For the year ended 31 January 2021**

SIGNIFICANT EVENTS (CONTINUED):

The Groups investments could still incur a permanent loss of capital in the event of bank defaults, which could trigger a deeper and more substantial financial and economic crisis. This would in turn impact the broader macro-economic environment and reduce investor sentiment and interest when divesting the funds' assets. We consider bank defaults highly unlikely, given the global banking system has been resilient. Most importantly, the RBNZ and RBA continues to reassure the public that their respective domestic banks have unlimited access to liquidity.

We continually review our conservative approach to liquidity, in the context of both the operations of the Group and broader impact on our assets and liabilities. The Group continues to have no material/direct exposure to significantly impacted industries like hospitality, tourism, and airlines. Most of the portfolio companies are in industries that have had increased investment interest as a direct result of COVID-19, namely Software-as-a- Service (SaaS) in online health care, education, cleaning & hygiene management, agricultural technology, and financial technology.


We believe the markets are recovering following significant government stimulus and successful vaccination programs globally. With this recovery the Group's investments have been minimally impacted at this stage, nonetheless, management has accelerated its divestment strategy to bring the Group to a stronger liquidity position to accommodate current and potential early divestment requests from clients. Further management has developed a robust growth strategy into niche markets and is actively capital raising to support this growth. In support of this Clive Kay, being a Director and member has contributed additional cash under convertible notes to assist in accelerating the strategies outlined above.

Clive Kay as a Director and member has invested A\$90,000 into Alliant Perpetual by way of a Convertible Note during the period. The convertible note is an instrument containing a future right to Shares, similar in form and content to a deed, purchased for the purpose of funding the acceleration of Society's capital raising activities. The convertible note terms provide the right to convert the invested amount into ordinary shares at a valuation cap of A\$25m with a zero percent discount rate. Alternatively, the invested amount can be repaid with interest at 10% per annum. Subsequent to year end, Clive Kay invested a further A\$70,000 into convertible notes with the same conditions.


Other than the above no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

The Directors report that; the attached Statement of Financial Position is a true, fair and accurate report of the Society as per the International Financial Reporting Standards (NZ IFRS) and Generally Accepted Accounting Principles (GAAP) in New Zealand.

For and on behalf of the Board of Directors:



Mr Clive P. Kay
Dated: 16 June 2021



Mr. Ross J McKinnon
Dated: 16 June 2021

Alliant Perpetual and Subsidiaries
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 January 2021

	Notes	Group 2021 \$	Group 2020 \$
Revenue			
Interest Received		479	4,635
Interest Income		374,493	376,042
Investment Management Fee	2	240,434	254,265
Expenditure			
Foreign Currency Gains/(Losses)		13,839	(9,773)
Rent Expense	11	(38,647)	(63,302)
Administration Expenses		(278,421)	(217,414)
Audit Fees	7	(119,482)	(64,449)
Capital Raising Expenses		-	(29,462)
Impairment of Financial Assets		<u>(800,314)</u>	<u>(160,512)</u>
(Loss)/profit before income tax		(607,619)	90,030
Income Tax Benefit	8	<u>184,105</u>	<u>66,951</u>
(Loss)/profit for the year		<u>(423,514)</u>	<u>156,981</u>
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation		<u>181</u>	<u>(1,094)</u>
Total comprehensive (loss)/profit for the year		<u>(423,333)</u>	<u>155,887</u>

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

Alliant Perpetual and Subsidiaries
Statement of Financial Position
As at 31 January 2021

	Notes	Group 2021 \$	2020 \$
Current Assets			
Cash and Cash Equivalents	14	58,925	1,144,552
Receivables	3	2,280	56,845
Financial Assets	4	3,001,659	-
Current tax receivable		77	-
Total Current Assets		3,062,941	1,201,397
Non-Current Assets			
Financial Assets	4	8,747,660	11,449,910
Deferred Tax Asset	5	283,009	98,804
Total Non-Current Assets		9,030,669	11,548,714
Total Assets		12,093,610	12,750,111
Current Liabilities			
Contract Liability	16	2,810,200	141,443
Accrued Expenses		70,228	50,538
Accounts Payable		266,831	111,840
Borrowings	15	95,264	-
Current tax liability		-	1,963
Total Current Liabilities		3,242,523	305,784
Non-Current Liabilities			
Contract Liability	16	8,894,356	12,064,263
Total Non-Current Liabilities		8,894,356	12,064,263
Total Liabilities		12,136,879	12,370,047
Net Liabilities/Assets		(43,269)	380,064
Equity			
Issued Capital	6	79,339	79,339
(Accumulated losses)/Retained Earnings		(121,645)	301,869
Reserves		(963)	(1,144)
Total Deficit/Equity		(43,269)	380,064



Mr. Clive P. Kay - Director
Date: 16 June 2021



Mr. Ross J. McKinnon - Director
Date: 16 June 2021

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

Alliant Perpetual and Subsidiaries
Statement of Changes in Equity
for the year ended 31 January 2021

Group	Notes	Issued Capital \$	Retained Earnings/ (Accumulated Losses) \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 February 2019		78,211	144,888	(50)	223,049
Profit for the year		-	156,981	-	156,981
Other comprehensive loss		-	-	(1,094)	(1,094)
Total comprehensive income for the year		-	156,981	(1,094)	155,887
Transactions with owners					
Shares issued		1,128	-	-	1,128
Balance at 31 January 2020		79,339	301,869	(1,144)	380,064
Loss for the year		-	(423,514)	-	(423,514)
Other comprehensive income		-	-	181	181
Total comprehensive loss for the year		-	(423,514)	181	(423,333)
Balance at 31 January 2021		79,339	(121,645)	(963)	(43,269)

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

Alliant Perpetual and Subsidiaries
Statement of Cash Flows
For the year ended 31 January 2021

	Notes	Group	
		2021	2020
		\$	\$
Operating Activities			
Client contract receipts		197,852	120,632
Payments to suppliers		(564,963)	(4,226)
Income tax expense		(186,245)	(65,970)
Net cash (used in)/provided by operating activities		<u>(553,356)</u>	<u>50,436</u>
Investing Activities			
Purchase of investments		(244,844)	(2,330,177)
Net cash used in investing activities		<u>(244,844)</u>	<u>(2,330,177)</u>
Financing Activities			
Funds received from clients		629,256	1,379,662
Funds repaid to clients		(1,035,559)	
Proceeds from borrowings		95,264	-
Net cash (used in)/provided by financing activities		<u>(311,039)</u>	<u>1,379,662</u>
Net decrease in cash held		(1,109,239)	(900,079)
Cash and cash equivalents at beginning of year		1,144,552	2,039,402
Effect of exchange rate change		23,612	5,229
Cash and cash equivalents at end of year	14	<u>58,925</u>	<u>1,144,552</u>

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

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2021

1. Statement of Accounting Policies

Reporting Entity

The consolidated financial Statements presented are those of Alliant Perpetual Building Society (the "Parent") and subsidiaries (collectively the Group consists of the Alliant Perpetual Building Society (the "Parent") and its wholly owned subsidiaries (Alliant Perpetual (AU) Pty Ltd domiciled in Australia and Alliant Perpetual (HK) Limited domiciled in Hong Kong).

The Group's primary activities are, investment management, trade finance and loans to wholesale / sophisticated investors. The Group is domiciled in New Zealand with its current management and investments primarily located in Australia.

The financial statements have been prepared in accordance with the Building Societies Act 1965, the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The Society is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 ("The FMCA").

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ((NZ) GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. They comply with International Financial Reporting Standards.

These financial statements are prepared in New Zealand dollars (NZD) rounded to the nearest dollar.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by New Zealand IFRS that are mandatory for the current reporting period.

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

Where applicable, comparative information has been reclassified to ensure consistency with the current period's presentation.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for the debt and financial assets measured at fair value.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Assets and liabilities

The determination of fair values of assets and liabilities are based on observable data as far as possible except for the investments in early venture capital investments for which there is no observable comparable market. These have been recorded at cost less assessed impairment losses. Management are of the view that this approximates the fair value of the assets. There is no observable market data for these investments.

Basis of Consolidation

Subsidiaries are entities controlled by another Group entity. Control exists when one entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The purchase method of accounting is used in the preparation of these financial statements. The effects of intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

Accounting Estimates, Judgements and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may ultimately differ from these estimates.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2021

1. Statement of Accounting Policies (continued)

Accounting Estimates, Judgements and Assumptions (continued)

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The Directors have considered the appropriateness of the following critical judgements and estimates:

- Impairment testing of investments

All loans are assessed on a loan-by-loan basis and if any loan is identified as being uncollectible (whether in part or in full) the carrying amount is adjusted with the uncollectible portion written off. Refer also impairment of financial assets policy note.

Significant Accounting Policies

The following accounting policies have been applied by all Group entities consistently in all periods presented in these financial statements.

Revenue and Expense Recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Interest income and expense are recognised as they are realised. The application of this method has the effect of recognising income and expenses for the financial asset or liability. Investment management fee revenue is recognised when the entitlement passes under contractual arrangement.

Expenses are recognised on an accrual basis.

Impairment of Non-Financial Assets

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets.

Provisions

A provision is recognised if, as a result of a past event, there is a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2021

1. Statement of Accounting Policies (continued)

Impairment of Financial Assets

At each reporting date the Group assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be reliably estimated. Evidence of impairment is considered at a specific asset level.

Loans are regularly reviewed for impairment. Credit impairment provisions are raised for loans that are known to be impaired.

Loans are impaired if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and that loss event(s) has had a reliably measurable impact on the estimated future cash flows of the individual loan or the loans portfolio.

Equity

Financial assets are impaired where the fair value of the investment can be reliably measured and the carrying amount of the investment exceeds its fair value.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised inclusive of GST. As of 27th April 2016, the Commissioner of Inland Revenue considers that the Society does not have a taxable activity in accordance Section 6(1) of the Goods and Services Tax Act 1985, and accordingly is not entitled to be registered for GST and not allowed to file GST returns.

Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using applicable tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Investments and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification is based on our business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2021

1. Statement of Accounting Policies (continued)

Investments and other financial assets (continued)

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2021

1. Statement of Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, floats and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Borrowings

Loans and borrowings are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to settle immediately or in the near term. Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, less any impairment loss.

Restructured loans are those that have been restructured due to degeneration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Contractual changes, including loan extensions that arise in the normal course of business are not considered to give rise to restructured loans.

Convertible loans

Convertible notes are separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the convertible notes, the liability component of hybrid financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is initially recognised at fair value. The host debt is carried at amortised cost using the effective interest method until it is extinguished on conversion or redemption.

Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss.

De-recognition of financial liabilities

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

Deposits

Deposits are funds received from customers for investment.

Deposits and Redeemable shares are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

Contract Liabilities

Contract liabilities represent the Society's obligation to satisfy its performance obligations to a customer when a customer pays consideration, or when the Society recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Society has transferred the obligation to the customer.

Statement of Cash Flows

The Statement of Cash flows has been presented using the direct approach modified by the netting of certain items.

Cash flows in respect of bank deposits and debt that have been rolled-over under arranged banking facilities have been netted in order to provide meaningful disclosures.

Cash flows for deposits are net cash flows in order to provide more meaningful disclosure, as the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Group.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

1. Statement of Accounting Policies (continued)

Fair value measurement of financial instruments

The fair value of private equity investment funds in Estrala is provided by the investment manager at balance sheet date. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Depending on the nature of the underlying instruments, the investment manager may use observable market prices, their own models or they may engage independent valuers who use models to obtain the fair value of investments. The investment manager has engaged Cooke Capital to value the underlying investments in Estrala.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions related to these factors could affect the reported fair value of financial instruments.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

2. Revenue

	Group	
	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Investment Management Fee (i)	240,434	254,265

(i) Client Principal Investments totalling \$10,122,625 are guaranteed by Alliant Perpetual to their customers per their contractual agreements. This investment management fee is not the same as the guarantee per NZIFRS 9. The fee represents 5% fee per annum on investment of funds into the ESVCLP Fund. The fee recognised for the year was \$240,434, dollars (2020 \$254,265).

Cumulative fees received as at 31 Jan 2021 are \$741,599 (2020 \$501,165).

3. Receivables

Receivables from customers	-	51,778
Other receivables	312	3,099
Loans to related parties	1,968	1,968
	2,280	56,845

4. Financial assets

	Note		
CURRENT			
ESVCLP Funds	4.2	1,300,722	-
MIT Funds	4.1	1,700,937	-
		3,001,659	-
NON-CURRENT			
ESVCLP Funds	4.2	3,916,854	5,586,841
MIT Funds	4.1	4,665,625	5,863,069
Funds on Deposits		68,825	-
Accrued Fees		96,356	-
		8,747,660	11,449,910

The above carrying amount of financial assets approximate their fair value

The Society recognises and measures financial assets in accordance with NZIFRS 9.

4.1 Investment in MIT Redeemable Preference Units

Investment in MIT Redeemable Preference Units are measured at amortised cost.

The Group holds redeemable preference units in the MIT Fund that are invested for a period of 4 years. The investments made into the MIT Fund accrue interest for the period and are all expected to be redeemed with interest between the 11 September 2021 and 28 September 2022. Interest is accrued at 7% per annum and the total interest accrued for the year ended 31 January 2021 is \$374,411 (2020: \$368,656).

The risk of credit loss has been assessed as low. Refer to Note 19 Fair Value Measurements for details on ECL.

	Note	2021	2020
		\$	\$
Movements in the MIT Fund during the current and previous financial year are set out below:			
Opening balance at 1 February		5,863,069	5,588,097
Interest accrued		374,411	368,656
Foreign exchange gains/(loss)		129,082	(93,684)
Closing balance 31 January	4	6,366,562	5,863,069

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2021

4. Financial assets (continued)

MIT Fund COVID-19 Impact of Investment

Management has reviewed and discussed the potential impact COVID-19 will have on the performance of the MIT Fund and concluded:

1. Impacts of COVID related travel restrictions and volatile markets had a marginal impact on delaying an early divestment request in the period. Despite this the fund manager reports they are comfortable in their assessment of the assets and that the instrument held by Alliant Perpetual will be repayable in full on maturity.
2. The fund manager has a good credit score and is deemed a low credit risk.
3. The investment is not due to mature for another year; however, management has requested an early divestment. Early divestment is underway and expected to complete in full in the first half CY2021.
4. Generally, capital raising whether it be for debt funding, private equity or venture capital slowed as a direct result of the impact of COVID-19 but did not negatively impact the underlying assets of the fund for the period.
5. The extent of the impact of a prolonged decrease in funding sources available to the Group and its investments at this stage are estimated to be:
 - a. Increased market risk - causing delays to divestment timeframes potentially causing maturity mis-match.
 - b. Increased credit risk - an increase in credit risk may arise if the impact of the pandemic recovery is short-lived triggering significant increase of risk aversion towards investing in private debt/equity meaning the market value could potentially be much higher or lower than the original cost of the asset net of its amortized cost.
 - c. Increased liquidity risk - causing a delay to clients' investment withdrawals at maturity and accommodating early divestment requests.
 - d. Increased currency risk - nil as investment and divestment will be in same currency. A decrease in the valuation of both the NZD and AUD could be an advantage when divesting to foreign investors.

In conclusion the expected credit loss has been assessed for the period with no impairment allowances necessary based on no determinable increase of credit risk since initial recognition.

4.2 Investments in the Estrala Venture Capital Fund

Investments in the Estrala Venture Capital Fund are measured at fair value through profit and loss.

Estrala Venture Capital Fund ("Fund") which is an incorporated limited liability partnership registered as an Early Stage Venture Capital Fund ("ESVCLP") with Innovation Australia. Estrala VC Managing Partnership ("VCMP") is the General Partner of the Fund. Estrala Capital & Advisory Pty Ltd, as the trustee for the Estrala Unit Trust, is the General Partner of the VCMP, Australian Financial Services Licence ("AFSL") number 386569. The investments made by ESVCLP are based on calls made by Estrala VC Managing Partnership ("VCMP") as the General Partner of the Fund. The General Partner has the discretion of the how to invest the funds. As a Limited Partner in the Fund, the Group is entitled to recover the principal invested into the fund, plus 35% of the net returns on its invested funds. Management has assessed that the value of the funds invested in the Fund is an appropriate representation of its fair value. The fair value is currently below cost of investment. Investment at cost is A\$5,900,000 (2020: A\$5,550,000).

Movements in the ESVCLP Fund - Partner Interest during the current and previous financial year are set out below:

	Note 4	2021 \$	2020 \$
Opening balance at 1 February		5,586,841	3,524,290
Investments made during the year		301,773	2,330,177
Foreign exchange gain/(loss)		129,276	(107,114)
Impairment	19	(800,314)	(160,512)
Closing balance 31 January	4	5,217,576	5,586,841

The investments made during the year of \$301,773 are funds transferred to the investment manager of \$370,598 less funds which have not yet been subsequently invested into the underlying early start-up companies of \$68,825.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

4. Financial assets (continued)

4.2 Investments in the Estrala Venture Capital Fund (continued)

ESVCLP Fund COVID-19 Impact on Investments

Management has reviewed and discussed the potential impact COVID-19 will have on the performance of the ESVCLP Fund and concluded:

1. The Fund does not have any investments in mortgages or loans which could have been negatively impacted by the economic impact of COVID-19.
2. Most of the portfolio companies are in industries that have had increased investment interest as a direct result of COVID-19, namely Software-as-a-Service (SaaS) in online health care, education, cleaning & hygiene management, agricultural technology, and financial technology.
3. The Group has focused their discussions with the fund manager on the possibility of divesting ahead of schedule a portion of the portfolio at the request of Alliant Perpetual as of 31 January 2021.
4. The investments are for a 3-5 year period with another 1-3 years remaining and the markets are showing sufficient recovery to accommodate expedited divestments.
5. At the time of reporting the fund managers and the Group's management believe the fund's assets remain robust despite the economic disruption. Note that the impairment is not realised, as no trigger events have occurred, and no divestments have been made to date.
6. Loss of key personnel for the investee companies has been minimal as there were no employees/founders in the vulnerable category and all personnel continue to work both on and offsite effectively.
7. Loss of site access/facilities/production had a minimal impact on the investees as they have able to work remotely and remain productive.
8. Refer to Note 19 for notes on Fair Value Measurements.

	Statement of financial position		Statement of Profit or Loss	
	2021	2020	2021	2020
	\$	\$	\$	\$
5. Deferred tax				
<i>Deferred tax asset relates to the following:</i>				
Deferred revenue	12,115	26,753	(11,071)	26,753
Revaluation of investments	249,815	48,153	208,082	48,153
FX gains	(1,775)	1,665	(3,219)	1,665
Accrued expenses	18,259	15,161	5,119	(11,839)
Blackhole expenditure	4,595	7,072	(1,532)	7,071
	283,009	98,804	197,379	71,803
Movements:				
Opening balance			98,804	28,890
Adjustment to tax rate			(13,174)	(1,889)
Credited to profit or loss			197,379	71,803
Closing balance			283,009	98,804

6. Issued Capital

	2021	2020	2021	2020
	No.	No.	\$	\$
Opening Balance at 1 February	45,717,262	45,715,362	79,339	78,211
Shares issued	-	1,900	-	1,128
Closing Balance at 31 January	45,717,262	45,717,262	79,339	79,339

The Group has been actively capital raising in the period to support its growth and strengthen its capital base. It currently has a term sheet and letter of intent to invest up to \$12,000,000 million (AUD) for circa 30% of the Group.

The Group is pro-actively strengthening its equity by raising capital. Additionally, it has commenced divesting assets to realise accrued income and return to a strong cash position to meet maturing liabilities well in advance of them coming due.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
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7. Audit Fees

	Group	
	2021	2020
	\$	\$
Auditor's Remuneration for the audit of the Group		
IRCS Limited	119,482	64,449

8. Taxation

	Group	
	2021	2020
	\$	\$
(Loss)/profit before tax	(607,619)	90,030
Prima facie tax at 26% (2020: 30%)	(157,981)	27,009
Add Back:		
<i>Permanent differences</i>		
Entertainment and other	-	62
Franking credits	420	-
<i>Temporary differences</i>		
Less: ESVCLP Offset	(38,134)	(94,589)
Under provision in prior year	(1,593)	643
Change in tax rates	13,183	(76)
	<u>(184,105)</u>	<u>(66,951)</u>

The Australian Government through Innovation and Science Australia runs the "Early Stage Venture Capital Limited Partnership" program that provides fund managers and investors with support to help stimulate early stage venture capital investments. Benefits include tax exemptions and credits. Through investments in the ESVCLP Fund as a limited partner in the Fund, Alliant Perpetual qualifies for a non refundable carry forward tax offset of up to 10% of the value of their eligible contributions into the funds. Alliant has not recognised deferred tax on these tax credits. The balance of carried forward offsets to be utilised against future taxable income is \$395,015 (2020: \$380,198).

	2021	2020
	\$	\$
Reconciliation of tax offsets		
Balance at beginning of the year	380,198	243,687
Prior year adjustment	15,193	-
Current year offset	37,758	231,100
Utilised	(38,134)	(94,589)
Balance at end of the year	<u>395,015</u>	<u>380,198</u>

Alliant Perpetual is considered tax resident in Australia and files tax returns with the Australian Tax Office, the Group has filed all tax returns up to date

Management is of the view that the DTA is a recoverable future economic benefit and can be reliably measured. The current and future taxable income of the Society will allow management to progressively recover the DTA in current and future periods.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

9. Controlled Entities	Country of Incorporation	Percentage Ownership	
		2021	2020
Subsidiaries of Alliant Perpetual:			
Alliant Perpetual (AU) Pty Ltd	Australia	100%	100%
Alliant Perpetual (HK) Limited	Hong Kong	100%	100%

The above subsidiaries did not trade during the year.

10. Capital Commitments

The Group has capital commitments to the Estrala ESVCLP Fund, as a Limited Partner of the Estrala ESVCLP Fund the Society has non-binding commitments to contribute up to A\$5,000,000 to the Fund. As at 31 January 2021 total contributions were A\$5,900,000 (2020: A\$5,550,000). Contributions made during the year ended 31 January 2021 were A\$350,000 (NZD\$370,598), 2020: A\$2,200,000 (NZD\$2,330,177). The Society may reduce this amount at its discretion or increase this amount at Fund's discretion. In turn, the Society is entitled to the return of the capital invested and 35% of net returns on contributed capital to the Fund. The contributed capital is secured by the assets of the Fund.

11. Lease Commitments

The Group has no lease commitments (2020: nil). Although the Society does not have any lease commitments it does have an ongoing lease expense on a month to month agreed basis. During the year ended 31 January 2021, the Society had rent expense of \$38,647 (2020: \$63,302).

12. Contingent Liabilities and Guarantees

The Group has contingent liabilities which are principal investment amounts on applicable Term Deposits still invested in the funds in year 3 and 4 of the four-year Term Deposits. They vest and become due in June 2021 (\$52,943), November 2021 (\$52,943), February 2022 (\$52,943), June 2022 (\$52,943) and February 2023 (\$52,943).

The Group has issued guarantees to the investors for the nominal principle investment amount totalling A\$9,560,000 (NZD\$10,122,626), 2020: A\$10,250,000 (NZD\$10,853,234). The guarantees are repayment of investor principle amounts at the end of the investment term and are payable in Australian dollars.

13. Subsequent Events

During the year ended 31 January 2021, the Group entered into a Share Purchase Agreement (SPA) with an acquirer and investor. The payment schedule agreed to in the SPA was to be concluded prior to the end of the reporting period, however, has been significantly delayed beyond this as result of travel restrictions due to COVID-19. The acquirer/investor has made alternative arrangements and expects to complete the transaction in Q2 2021. Per Note 6 the maximum agreed capital investment is AUD\$12,000,000 (NZD\$12,706,225) which will have a significantly positive impact on the capital base.

The Group has been actively working with the fund manager to accelerate the divestment of its assets to further strengthen its capital base. It is expected that the MIT Fund will be fully divested in Q2 2021 which will add an additional AUD\$5,000,000 (NZD\$5,294,260) in restricted cash and AUD\$1,119,923 (NZD\$1,185,834) interest income. The above cash will more than sufficiently cover the contingent liabilities, maturing client deposits coming due in Q4 2021 as well as accommodate any early withdrawal requests in the period.

Two capital growth investors have opted to receive equity in an investee company within the portfolio in lieu of the return of their nominal principle investment amount. This has reduced the Partner Interest of the Group by AUD\$1,200,000 (NZD\$1,270,622).

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

13. Subsequent Events (Continued)

Clive Kay as a Director and member has subsequently invested A\$70,000 into Alliant Perpetual by way of a Convertible Note. The convertible note is an instrument containing a future right to Shares, similar in form and content to a deed, purchased for the purpose of funding the acceleration of Society's capital raising activities and assisting cash flows. The convertible note terms provide the right to convert the invested amount into ordinary shares at a valuation cap of A\$25m with a zero percent discount rate. Alternatively, the invested amount can be repaid with interest at 10% per annum.

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

14. Cash at Bank

	Group	
	2021	2020
	\$	\$
Australian Registered Banks	58,925	1,144,552
	58,925	1,144,552

\$1,058,852 of restricted cash was used to return a nominal principle investment to a client in the period.

15. Borrowings

	Group	
	2021	2020
	\$	\$
Convertible loan	95,264	-
	95,264	-

The Director subscribed for \$95,264 (\$90,000 AUD) in convertible notes which were issued in three distinct tranches, 29 April 2020, 22 October 2020, and 2 December 2020. The convertible note is an investment containing a future right to shares in the parent (Alliant Perpetual). The purpose of the convertible note was to provide liquidity and acceleration of Alliant Perpetual's capital raising activities. The convertible note terms provide the right to convert the invested amount into ordinary shares at a valuation cap of A\$25m with a zero percent discount rate. Alternatively, the invested amount can be repaid at anytime. The convertible note attracts an interest rate of 10% per annum. At 31 January 2021, interest of \$3,425 has been accrued.

16. Contract Liabilities

	Group	
	2021	2020
	\$	\$
CURRENT		
Deferred Revenue	46,596	141,443
Term Deposits	2,763,604	-
	2,810,200	141,443
NON-CURRENT		
Term Deposits	8,894,356	12,064,263

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

17. Financial Risk Management

The Group's financial instruments consist of the below.

The totals for each category of financial instruments, measured in accordance with NZ IFRS as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2021	2020
		\$	\$
Financial Assets			
Cash and cash equivalents			
Restricted cash	14	52,730	1,132,016
Unrestricted cash	14	6,195	12,536
Receivables	3	2,280	56,845
Financial assets	4	11,749,319	11,449,910
Total Financial Assets		11,810,524	12,651,307
Financial Liabilities			
Convertible notes		95,264	-
Client Term Deposits		11,657,960	12,064,263
Total Financial Liabilities		11,753,224	12,064,263

Specific Financial Risk Exposures and Management

The main risks to the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of currency risk and interest rate risk.

(a) Credit Risk

To the extent that the group has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the group to credit risk consist of Loans and Receivables, Term Investments and Investments. The effect of credit risk is quantified based on the Groups best estimate of future cash repayments and proceeds from any security held or by reference to risk profiles, historical loss data and forward-looking information. Given the lack of historic data on the funds and their performance, to establish a correlation between key economic indicators and the credit performance of the Group's unique portfolios, the approach is an inherently judgmental exercise.

The group manages its exposure to credit risk to minimise losses from bad debts by obtaining credit information for fund managers and investee companies, confirming references and setting appropriate credit limits. At balance date, group exposure is largely with MIT and ESVCLP Funds in Australia.

Maximum exposure to credit risk at balance date is the carrying value of the financial assets. The carrying value is net of any impairment losses. There were no financial assets considered past due at the year ended (2020: \$Nil). Collateral is held on any Loans and Receivables and Investments. Collateral is in the form of the underlying assets in each of the Funds in Australia, which consist mainly of equity in private companies.

(b) Liquidity Risk

Liquidity risk is the risk that under certain conditions, cash outflows can exceed cash inflows in a given period. The group maintains sufficient liquid funds to meet its commitments based on historical and anticipated cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains short-term liquid assets (cash at bank) to ensure that sufficient liquidity is maintained within the group as a whole. The Group's liquidity position is monitored on a per transaction basis.

Operational costs have been optimised and expenses like Directors fees accrued in line with accrued income. Cashflows will be met with income through ordinary course of business and additional revenue streams, existing shareholder contributions through convertible notes and capital raising.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
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17. Financial Risk Management (continued)

(b) Liquidity Risk

Group 2021	On hand	On call	Short Term	Long Term	Undrawn bank debt	Group Total
Cash and Cash Equivalents	58,925	-	-	-	-	58,925
Total Liquid Funds	58,925	-	-	-	-	58,925

The following maturity analysis tables set out the Groups expected cash flow based on historical trends for all financial assets and liabilities as at balance date.

Group 2021	Within 6 Months	6-12 Months	1-2 Years	2-5 years	Over 5 Years	Group Total
Financial Assets						
Cash and Cash Equivalents	58,925	-	-	-	-	58,925
Receivables	2,280	-	-	-	-	2,280
Investments	-	3,001,659	4,665,625	3,916,854	-	11,584,138
Other Financial Assets	-	-	-	165,181	-	165,181
Total Financial Assets	61,205	3,001,659	4,665,625	4,082,035	-	11,810,524
Financial Liabilities						
Contract liability	(46,596)	-	-	-	-	(46,596)
Sundry payables and accrued expenses	(70,228)	-	-	-	-	(70,228)
Accounts payables	(266,831)	-	-	-	-	(266,831)
Borrowings	(95,264)	-	-	-	-	(95,264)
Deposits ⁽¹⁾	-	(2,816,546)	(6,882,538)	(2,223,589)	-	(11,922,673)
Total Financial Liabilities	(478,919)	(2,816,546)	(6,882,538)	(2,223,589)	-	(12,401,592)
Net Liquidity Sensitivity	(417,714)	185,113	(2,216,913)	1,858,446	-	(591,068)

Group 2020	Within 6 Months	6-12 Months	1-2 Years	2-5 years	Over 5 Years	Group Total
Financial Assets						
Cash and Cash Equivalents	1,144,552	-	-	-	-	1,144,552
Receivables	56,845	-	-	-	-	56,845
Investments	-	-	-	11,449,910	-	11,449,910
Total Financial Assets	1,201,397	-	-	11,449,910	-	12,651,307
Financial Liabilities						
Contract liability	(141,443)	-	-	-	-	(141,443)
Sundry payables and accrued expenses	(50,538)	-	-	-	-	(50,538)
Accounts payables	(111,840)	-	-	-	-	(111,840)
Deposits ⁽¹⁾	-	-	(3,106,677)	(8,957,586)	-	(12,064,263)
Total Financial Liabilities	(303,821)	-	(3,106,677)	(8,957,586)	-	(12,368,084)
Net Liquidity Sensitivity	897,576	-	(3,106,677)	2,492,324	-	283,223

(1) The cash flows comprise future principal and vested interest.

(c) Market Risk

i. Currency Risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. Other than NZ dollars, the group transacts in Australian dollars and all investments are in Australian Dollars.

During the year, most of the Society's transactions were in Australian dollars and therefore the net movement in foreign exchange gains and losses had minimal impact to the overall financial performance of the Society.

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2021

17. Financial Risk Management (continued)

(c) Market Risk (continued)

ii. Interest Rate Risk

The group has exposure to interest rate risk to the extent that it has bank funds earning interest. The group manages interest rate risk by reviewing interest rates on a regular basis.

Interest rates earned on cash balances were between 0% and 4.4%.

18. Operating Segments

Alliant Perpetual operates in New Zealand with an office and management in Australia and does not make or accept offers from retail investors or depositors in New Zealand or Australia. Alliant Perpetual has an Australian Registered Body Number (ARBN) for tax purposes but does not operate as a Building Society in Australia.

Alliant Perpetual (AU) Pty Ltd did not trade during the year. All transactions in Australia for the Society are executed through Alliant Branch facilities. In Australia it primarily invests in Innovation Australia registered Early Stage Venture Capital Limited Partnership (ESCVP) Funds, and does not make or accept offers from the public or other classes of depositors.

Alliant Perpetual (HK) Limited operates in its own right in the territory of Hong Kong. Alliant Perpetual (HK) Limited did not have any trading activity during the year.

19. Fair Value Measurements

Fair value hierarchy

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

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

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets.

Level 3: inputs are unobservable inputs for an asset or liability. Unobservable inputs have been used to measure fair value where relevant observable inputs are not available.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2021				
<i>Financial Assets</i>				
At amortised cost (note 4)	-	-	6,366,562	6,366,562
At fair value through profit or loss (note 4)	-	-	5,286,401	5,286,401
2020				
<i>Financial Assets</i>				
At amortised cost (note 4)	-	-	5,863,069	5,863,069
At fair value through profit or loss (note 4)	-	-	5,586,841	5,586,841

The fair value of financial assets at 31 January 2021 are \$11,749,319 (including accrued fees of \$96,356) (2020: \$11,449,910). Unless otherwise stated, the carrying amounts of financial assets and liabilities reflect their fair value.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
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19. Fair Value Measurements (continued)

Valuation inputs and relationships to fair value

The following table summarizes the significant unobservable inputs using in the level 3 fair value measurements. See the explanations below for the valuation technique adopted.

Description	Fair value at		Unobservable inputs	Range of inputs (probability weighted average)	
	31 January 2021 (NZD)	31 January 2020 (NZD)		2021	2020
Unlisted equity securities	5,217,576	5,586,841	Earnings Growth Factor	7.8x to 8.5x (8.2x)	7.8x to 8.2x (8.2x)
			Operational Risk: Risk-Adjusted Discount Rate	0% to 100% (5%)	0% to 50% (15%)
			Timing Risk: Risk-Adjusted Discount Rate	0% to 50% (32%)	0% to 40% (29%)
Relationship of Unobservable Inputs to Fair Value					
Earnings Growth Factor: An increase in the earnings growth factor by 1x and an decrease in the total risk-adjusted discount rate by 10% would increase the fair value by NZD 980k while an decrease in the earnings growth factor by 1x and an increase in the total risk-adjusted discount rate by 10% would decrease the fair value by NZD 1,136k.					
Operational Risk Discount Rate: An increase in the operational risk-adjusted discount by 5% would decrease the fair value by NZD 374k and an decrease in the operational risk-adjusted discount rate by 5% would increase the fair value by NZD 107k.					
Timing Risk Discount Rate: An increase in the timing risk-adjusted discount by 5% would decrease the fair value by NZD 374k and an decrease in the timing risk-adjusted discount rate by 5% would increase the fair value by NZD 340k.					

Alliant Perpetual is a Limited Partner (LP) in the Estrala Venture Capital Fund ("Fund") which is an incorporated limited liability partnership registered as an Early Stage Venture Capital Fund ("ESVCLP") with Innovation Australia. Estrala VC Managing Partnership ("VCMP") is the General Partner of the Fund. Estrala Capital & Advisory Pty Ltd, as the trustee for the Estrala Unit Trust, is the General Partner of the VCMP, Australian Financial Services Licence ("AFSL") number 386569. The investments are based on calls made by Estrala VC Managing Partnership ("VCMP") as the General Partner (GP) of the Fund. The GP has the discretion of the how to invest the funds. As an LP the Group is entitled to its principle investment invested into the ESVCLP Fund plus receive 35% of the net returns on its invested funds.

Alliant Perpetual engaged an independent valuer to review current company valuations as at 31 January 2021 to identify if there had been any material changes to the underlying assumptions underpinning the valuation of the investee companies prepared by the ESVCLP Fund. In preparing their opinion, they separated the basis of valuation (which defines what the carrying amount purports to represent) and the valuation technique (which details the method or technique for deriving the valuation) and inputs used in the valuation technique using IPEV Guidelines.

Valuation Approach

The Venture Capital Method using the International Private Equity and Venture Capital Valuation Guidelines (December 2018) (IPEV) which state: If Return on Investment (ROI) = Terminal (or Harvest) Value + Post-money Valuation (in the case of one investment round, no subsequent investment and therefore no dilution), then: Post-money Valuation = Terminal Value + Anticipated ROI. The approach included a review of the investment hypothesis, review of investee progress, ascertaining if expected transaction or agreed progress had been achieved for the preparation of the independent opinion.

Techniques and Methodology

In estimating Fair Value for each Investment, the Professional Valuer applied techniques that are appropriate in light of the nature, facts, and circumstances of each of the Investments and used reasonable current market data and inputs combined with Market Participant assumptions. The Price Earnings Multiple was based on the Grant Thornton's Deal Tracker Report 2020 as adjusted for supplementary market data relating to publicly listed technology/software companies from around the globe with a market capitalisation less than US\$200 million.

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2021

19. Fair Value Measurements (continued)

The methodology including the following:

- Determining and applying the projected EBITDA.
- An average portfolio risk adjustment factor of - 46% was used (range from 0% - \$100%) .
- A Price Earnings Multiple range of between 7.8x to 8.5x was applied across the portfolio.
- Term (time to exit) of between 4 to 5 years was applied.
- Alliant's effective equity in the underlying investee companies.

The valuation as at 31 January 2021 resulted in an impairment of \$299,043 on invested funds in investee companies and an overall impairment of \$800,314 to Alliant's limited partnership interest in the ESVCLP Fund. This impairment remains unrealised until investment exit.

The Group holds redeemable preference units in the MIT Fund that are invested for a period of 4 years. The investments made into the MIT Fund accrue interest for the period and are all expected to be redeemed with interest between the 11th September 2021 and 28 September 2022.

The MIT Fund is relatively new; therefore, the calculation of expected credit loss model relies on judgement to determine impairment provisions. At each reporting date, the Group applies a three-stage approach to measuring ECL to finance receivables not carried at fair value. The ECL model assesses whether there has been a significant increase in credit risk since initial recognition.

The ECL model is a forward-looking model where impairment allowances are recognised before losses are actually incurred. On initial recognition, an impairment allowance is required, based on events that are possible in the next 12 months.

Assets may migrate through the following stages based on their change in credit quality:

Stage 1 - 12 months ECL (past due 30 days or less)

Where there has been no evidence of increased credit risk since initial recognition, and are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2 - Lifetime ECL not credit impaired (greater than 30 but less than 90 days past due)

Where there has been a significant increase in credit risk.

Stage 3 - Lifetime ECL credit impaired (90 days past due or more)

Objective evidence of impairment so is considered to be in default or otherwise credit impaired.

In determining whether credit risk has increased, all available information relevant to the assessment of economic conditions at the reporting date are taken into consideration. There is no historical loss experience for the Group to consider hence it adjusts for current observable data. In addition to this the Group uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. Future economic conditions consider macroeconomic factors and Australian iTraxx as a proxy for credit spreads in the Australian market. It is an index, not unlike the ASX All Ordinaries Index for equities, which provides information on the direction and trend of the market. This requires an evaluation of both the current and forecast direction of the economic cycle. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly as incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the ECL.

It is expected the MIT Fund will be divested completely Q2 2021. The ESVCLP Fund is expected to begin divesting select assets from Q4 2021.

20. Key management personnel

Compensation

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

Director fees

	Group 2021 \$	2020 \$
Director fees	152,948	144,000

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2021

21. Related Party Transactions

Parent entity

Alliant Perpetual is the Parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 9.

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Disclosures relating to fees paid to key management personnel are set out in note 20.

Transactions with related parties

During the year ended 31 January 2021, Clive Kay as a Director and member invested A\$90,000 into Alliant Perpetual by way of a convertible note. Subsequent to the year end Clive Kay invested into three convertible notes of A\$70,000 in total as at 25 May 2021 as per note 15.

Other related parties

Other related parties include entities over which key management personnel exercise significant influence.

Alliant Perpetual is a Limited Partner (LP) in the Estrala Venture Capital Fund ("Fund") which is an incorporated limited liability partnership registered as an Early Stage Venture Capital Fund ("ESVCLP") with Innovation Australia. Estrala VC Managing Partnership ("VCMP") is the General Partner of the Fund. Estrala Capital & Advisory Pty Ltd, as the trustee for the Estrala Unit Trust, is the General Partner of the VCMP, Australian Financial Services Licence ("AFSL") number 388569. Estrala Capital and Advisory Pty Ltd is a related party by Director and shareholders. Clive Kay is a minority shareholder of Estrala Capital & Advisory Pty Ltd and minority interest as a units holder of the Estrala Unit Trust. Terence Timms is a Director and minority shareholder of Estrala Capital & Advisory Pty Ltd and minority interest as a unit holder of the Estrala Unit Trust.

Clive Kay is a member of the Investment Committee representing Alliant Perpetual's Limited Partnership interest in the ESVCLP Fund to understand where and how the Fund is making investments. Representation on the investment committee is in a passive capacity. Each Limited Partner can be represented at investment committee meetings to understand the potential investee companies. The ultimate investment decision is the Board of Directors of the General Partner. The Investment Committee comprises of four members of Estrala Capital & Advisory whom sit on such a position to understand and make suggestions to the General Partner. The decision-making authority for investments lies with the Board of Directors of the General Partner of the ESVCLP Fund of which Alliant Perpetual has no representation. Alliant Perpetual holds redeemable preference units accruing interest in the MIT Fund 1. Specific unit holders in the MIT Fund 1 have become related parties as shareholders in Alliant Perpetual through their holdings in Halcyon Trust, Artorius Trust, Bengo Unit Trust and Niasan Trust. These entities while being related party through shareholding do not significantly influence or control the Society. The Rules of the Society allow for one vote per member not one vote per share, as such these Trusts have 1 vote out of 28 votes in any meetings or polls the Society conducts. Therefore, they do not exercise control over the Society through their shareholdings and do not have any representation on the Board of Directors or management of the Society. The management of MIT Fund 1 is independent of the Society and its decision making.

22. Going Concern

The impairment caused a non-operating loss that has resulted in negative equity as of 31st January 2021. Despite this Alliant Perpetual remains a going concern through its ordinary course of business. Management has optimised operational costs, developed new sources of revenue to increase cash flows and consequently profitability in the current financial year and future years. Additionally, management is in the process of securing new capital to strengthen its equity base and begun the process of divesting its assets well in advance of maturing liabilities.

There is a level of uncertainty in current post-pandemic market around divestment timing with travel restrictions still in place and slow vaccine roll-out. Management is of the view that continued fiscal stimulus and low interest rates will keep both private and institutional funds interested in equity and venture capital seeking higher rates of return. This should allow for more liquidity in the market and consequently accelerated divestments to meet maturing investment obligations of the Group.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2021**

23. Appendix

Board of Directors

Chairman	Clive P Kay
Director	Ross J McKinnon

Management

Chief Executive Officer	Clive P Kay
Chief Information Officer	Ross J McKinnon

Registered Office

Level 3
18 London Street
Hamilton 3240
New Zealand
Email: admin@alliantperpetual.com
Telephone: +64 (0) 7 838 2692

Bankers

ANZ Bank, Corner of Queen & Creek Street, Brisbane QLD 4000
Bank Of China, 3/F. Bank of China Tower, 1 Garden Road, Hong Kong
Westpac Bank, Creek & Elizabeth Street, Brisbane QLD 4000

Independent Auditors

IRCS Limited

IRCS.

Audit and Assurance

INDEPENDENT AUDITOR'S REPORT

To the Members of Alliant Perpetual

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Alliant Perpetual and its subsidiaries (together, "the Group"), which comprise the consolidated statements of financial position as at 31 January 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

The consolidated financial statements include investments in the MIT fund measured at amortised cost. The investment will be realised through repayment of principal and interest. The investment balance as at 31 January 2021 is \$6,366,562. This balance represents 53 percent of total assets.

Management have assessed the credit risk of the investment as Low and have not therefore, not recognised impairment for credit loss on the investment. Based on NZ IFRS 9 - B5.5.22 (5.5.10) - Low credit risk requires the borrower to have a strong capacity to meet its contractual cashflow in the near term and adverse changes in business and economic environment or future term may but will not necessarily reduce the borrower from fulfilling its contractual obligations. There was insufficient information available to assess the recoverability of the principal investment of \$5,302,569 and the accrued interest of \$1,063,993. There were no financial statements available for the fund or the underlying investee entities for an assessment with reasonable certainty on the recoverability of the investments. The assessment of credit risk and credit loss is therefore non-compliant to accounting standards of NZ IFRS 9 and thus, non-compliant with the Financial Markets Conduct Act 2013 s455(1)(c).

Other Matters

Material Uncertainty Related to Going Concern including uncertainty due to COVID 19

We draw the members' attention to Note 4.1 and Note 4.2 on Covid-19 Impact. The Group is reliant on the performance of the Funds which invest in early venture start up entities and on the funds' ability to repay Alliant its investment in order for Alliant to meet its commitments and repay the client deposits when they fall due. Furthermore, there is a net liability balance of \$43,269 as at 31 January 2021. Management have advised of expected high yield returns from the investments predominantly since they are in 'technology-based entities which are not considered to be affected by the covid-pandemic'. They also assessed the investments as not being affected immediately by the covid-19 pandemic as they are due for exit starting in the 2022 financial year. Directors advised that there are expectations of capital injection in the second quarter for the financial year ending 31 January 2022.

Disclaimer issued in the prior year financial statements

A disclaimer of opinion was issued in the prior year financial statements due to unavailability of sufficient appropriate audit evidence supporting the ESVCLP fund and the MIT Fund. A disclaimer of opinion exists for comparative figures.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability 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 on the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing (New Zealand) and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Company in accordance with Professional and Ethical Standard (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Report on Other Legal and Regulatory Requirements

There are no matters to report.

Who We Report to

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state to the Group's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members, as a body, for our audit work, for this report or any of the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Tadius Munapeyi.

For and on behalf of:

IRCS Limited

IRCS Limited
Auckland
16 June 2021