

## Preliminary Final Report

This preliminary final report is for the financial year ended 30 June 2017. The previous corresponding period was 29 April 2015 to 30 June 2016.

### Results for announcement to the market

				\$'000
Revenue from ordinary activities	Down	49%	to	1,776
Profit before tax for the year	Down	94%	to	162
Profit from ordinary activities after tax attributable to members	Down	84%	to	322

### Dividends

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
<b>2017</b>				
Ordinary shares - final 2016	\$0.0300	\$1,400	04/10/2016	100
Ordinary shares - interim 2017	\$0.0100	\$469	04/05/2017	100
<b>2016</b>				
Ordinary shares - interim 2016	\$0.0075	\$163	23/03/2016	100

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final ordinary dividend of 3 cents per fully paid share, fully franked, with an ex date of 20 September 2017 and a record date of 21 September 2017, to be paid on 6 October 2017, out of the profits reserve at 30 June 2017.

### Net tangible assets (NTA)

	30 June 2017	30 June 2016
	\$	\$
Net tangible asset backing (per share) after tax	<b>0.9801</b>	1.0377
Net tangible asset backing (per share) before tax	<b>0.9850</b>	1.0605

### Distribution Reinvestment Plan (DRP)

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price as specified by the Company from time to time in accordance with the Corporations Act and the Listing Rules.

The final date for receipt of an election notice for participation in the Dividend Reinvestment Plan is 25 September 2017. Shares issued under DRP will rank equally with existing ordinary shares. The Company reserves the right to issue DRP shortfall shares at Director's discretion.

### Audit

This report is based on the financial report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.

**Glennon Small Companies Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2017**

	Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
Notes		
<b>Investment income from ordinary activities</b>		
Net realised gains on investments	1,807	1,154
Net unrealised (losses)/gains on investments	(861)	1,911
Dividends	651	345
Interest	177	101
Other income	2	3
	<u>1,776</u>	<u>3,514</u>
<b>Expenses</b>		
Management fees	(466)	(207)
Performance fees	(530)	(167)
Brokerage expense	(179)	(185)
Accounting fees	(89)	(64)
Share registry fees	(55)	(39)
Custody fees	(35)	(24)
Tax fees	(15)	(10)
Directors' fees	(50)	(50)
ASX fees	(39)	(30)
Audit fees	(87)	(35)
Other expenses	(69)	(39)
	<u>(1,614)</u>	<u>(850)</u>
<b>Profit before income tax</b>	162	2,664
Income tax benefit/(expense)	4      160	(708)
<b>Profit for the year</b>	<u>322</u>	<u>1,956</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>322</u>	<u>1,956</u>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share	17      0.74	11.74
Diluted earnings per share	17      0.74	11.74

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Glennon Small Companies Limited**  
**Statement of Financial Position**  
**As at 30 June 2017**

		At	
		30 June	30 June
		2017	2016
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	14,561	6,197
Trade and other receivables	6	37	129
Financial assets at fair value through profit or loss	7	31,414	22,301
Current tax assets		344	-
Other current assets		30	30
<b>Total current assets</b>		<b>46,386</b>	<b>28,657</b>
<b>Non-current assets</b>			
Deferred tax assets	8	270	222
<b>Total non-current assets</b>		<b>270</b>	<b>222</b>
<b>Total assets</b>		<b>46,656</b>	<b>28,879</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	220	2,133
Current tax liabilities		-	89
<b>Total current liabilities</b>		<b>220</b>	<b>2,222</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	232	574
<b>Total non-current liabilities</b>		<b>232</b>	<b>574</b>
<b>Total liabilities</b>		<b>452</b>	<b>2,796</b>
<b>Net assets</b>		<b>46,204</b>	<b>26,083</b>
<b>EQUITY</b>			
Issued capital	11	45,958	24,290
Profits reserve		3,012	1,793
Accumulated losses		(2,766)	-
<b>Total equity</b>		<b>46,204</b>	<b>26,083</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Glennon Small Companies Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2017**

	Notes	Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 29 April 2015</b>		-	-	-	-
Net profit for the year		-	-	1,956	1,956
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity	11	24,912	-	-	24,912
Costs of issued capital		(622)	-	-	(622)
Dividends provided for or paid	12	-	(163)	-	(163)
Transfer to profits reserve (net of tax)		-	1,956	(1,956)	-
		<u>24,290</u>	<u>1,793</u>	<u>(1,956)</u>	<u>24,127</u>
Balance at 30 June 2016		<b>24,290</b>	<b>1,793</b>	<b>-</b>	<b>26,083</b>
		Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 July 2016</b>		24,290	1,793	-	26,083
Net profit for the year		-	-	322	322
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity	11	21,956	-	-	21,956
Costs of issued capital		(288)	-	-	(288)
Dividends provided for or paid	12	-	(1,869)	-	(1,869)
Transfer to profits reserve (net of tax)		-	3,088	(3,088)	-
		<u>21,668</u>	<u>1,219</u>	<u>(3,088)</u>	<u>19,799</u>
Balance at 30 June 2017		<b>45,958</b>	<b>3,012</b>	<b>(2,766)</b>	<b>46,204</b>

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

**Glennon Small Companies Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2017**

		Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
	Notes		
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial assets held at fair value through profit or loss		64,576	23,105
Purchase of financial assets held at fair value through profit or loss		(74,333)	(40,268)
Interest received		163	99
Dividends received		393	219
Underwriting income received		2	3
Income taxes paid		(540)	-
Management fees paid		(453)	(190)
Performance fees paid		(527)	(170)
Brokerage expenses		(177)	(192)
Payments for other expenses		(416)	(269)
<b>Net cash outflow from operating activities</b>	15	<u>(11,312)</u>	<u>(17,663)</u>
<b>Cash flows from financing activities</b>			
Shares issued under IPO		-	21,687
Shares issued on options exercised		21,563	125
Shares issued under share purchase plan		-	3,074
Share issue transaction costs		(411)	(889)
Dividends paid to company's shareholders		(1,476)	(137)
<b>Net cash inflow from financing activities</b>		<u>19,676</u>	<u>23,860</u>
<b>Net increase in cash and cash equivalents</b>		<b>8,364</b>	<b>6,197</b>
Cash and cash equivalents at the beginning of the year		<u>6,197</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>	5	<u>14,561</u>	<u>6,197</u>
<b>Non-cash financing activities</b>			
Dividends reinvested	16	<u>393</u>	<u>26</u>

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

## **1 General information**

Glennon Small Companies Limited (the "Company") is a listed public company domiciled in Australia. The address of Glennon Small Companies Limited's registered office is Level 17, 25 Bligh Street, Sydney, NSW 2000. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities in Australia.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 29 April 2015 and commenced operations on 21 August 2015. The financial statements of Glennon Small Companies Limited are for the year ended 30 June 2017. The Company's comparative period for profit and loss balances is from 29 April 2015 to 30 June 2016.

## **2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the entity Glennon Small Companies Limited.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Glennon Small Companies Limited is a for-profit entity for the purpose of preparing the financial statements.

#### *(i) Compliance with International Financial Reporting Standards (IFRS)*

The financial statements of the Glennon Small Companies Limited also comply with IFRS as issued by the International Accounting Standards Board.

#### *(ii) New and amended standards adopted by the Company*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the Company.

#### *(iii) Historical cost convention*

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The accounting policies are consistent with those applied in the 30 June 2016 Annual Report except as described below.

This preliminary report was authorised for issue by the Board of Directors on 30 August 2017.

### **(b) Financial assets and liabilities**

#### ***Determination of Fair Value***

The Company has changed its valuation inputs for listed financial assets from current bid prices to last sale prices as a basis of fair value measurement. AASB 13 defines fair value as 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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The reason for the change is because the Company believes that the last sale price is a more appropriate measure and better reflects the fair value of the financial assets.

There has been no material impact to the net gains/(losses) on financial instruments held at fair value through profit or loss in the prior period.

### 3 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income and from sale of its investments.

### 4 Income tax (benefit)/expense

#### (a) Income tax (benefit)/expense through profit or loss

	Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
Income tax (benefit)/expense	<u>(160)</u>	<u>708</u>

*Income tax (benefit)/expense is attributable to:*  
Profit from continuing operations

#### (b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
Profit from continuing operations before income tax expense/(benefit)	162	2,664
Tax at the Australian tax rate of 30.0% (2016 - 30.0%)	49	799
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	(271)	(112)
Imputation credit gross up	81	33
Temporary differences	(19)	-
Franked dividends not subject to income tax	-	(12)
Income tax (benefit)/expense	<u>(160)</u>	<u>708</u>

The applicable weighted average effective tax rates are as follows: 98.77%      (26.58%)

#### (c) Amounts recognised directly in equity

		Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
Aggregate deferred tax arising in the reporting year and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Deferred tax: Share issue costs	8	259	213

## 5 Current assets - Cash and cash equivalents

	At	
	30 June	30 June
	2017	2016
	\$'000	\$'000
<b>Current assets</b>		
Cash at bank and in hand	14,561	6,197

### (a) Risk exposure

The Company's exposure to interest rate risk is discussed in Note . The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with the following financial institutions:

	Standard & Poor's Rating
Australia and New Zealand Banking Group Ltd	AA-
J.P. Morgan Chase Bank N.A. (Sydney Branch)	A+

## 6 Current assets - Trade and other receivables

	At	
	30 June	30 June
	2017	2016
	\$'000	\$'000
Dividends and distributions receivable	-	40
Interest receivable	16	2
GST receivable	21	20
Unsettled trades	-	67
	37	129

Receivables are non-interest bearing and unsecured.

### Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of receivables mentioned above. There are no past due or impaired receivables.

## 7 Current assets - Financial assets at fair value through profit or loss

	At	
	30 June	30 June
	2017	2016
	\$'000	\$'000
Equity securities	30,594	22,301
Convertible notes	820	-
	31,414	22,301

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the Statement of Comprehensive Income.



## 8 Non-current assets - Deferred tax assets

	At	
	30 June 2017 \$'000	30 June 2016 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Capitalised share issue costs	259	213
Accrued expenses	11	9
	<b>270</b>	<b>222</b>
	At	
	30 June 2017 \$'000	30 June 2016 \$'000
<b>Movements:</b>		
Opening balance	222	-
Charged/(credited):		
- to equity	46	213
- to profit or loss	2	9
Closing balance	<b>270</b>	<b>222</b>

## 9 Current liabilities - Trade and other payables

	At	
	30 June 2017 \$'000	30 June 2016 \$'000
Management fees payable	42	24
Unsettled trades	99	2,054
Other payables	79	55
	<b>220</b>	<b>2,133</b>

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

## 10 Non-current liabilities - Deferred tax liabilities

	At 30 June 2017 \$'000	30 June 2016 \$'000
The balance comprises temporary differences attributable to:		
Net unrealised gains on investments	227	573
Other temporary differences	5	1
	<u>232</u>	<u>574</u>

### Movements:

	At 30 June 2017 \$'000	30 June 2016 \$'000
Opening balance	574	-
Charged/(credited):		
- profit or loss	(342)	574
Closing balance	<u>232</u>	<u>574</u>

## 11 Issued capital

### (a) Share capital

	30 June 2017 Shares	30 June 2016 Shares	30 June 2017 \$'000	30 June 2016 \$'000
Ordinary shares	47,075,748	25,089,385	45,958	24,290

### (b) Movements in ordinary share capital

		30 June 2017 Shares	30 June 2017 \$'000
Opening balance		25,089,385	24,290
Options exercised for \$1.00 per share	11(e)	21,562,236	21,563
Dividends reinvestment plan issue	11(f)	424,127	393
Cost of issued capital, net of tax		-	(288)
<b>Balance 30 June 2017</b>		<u>47,075,748</u>	<u>45,958</u>

## **11 Issued capital (continued)**

### **(b) Movements in ordinary share capital (continued)**

Details	Notes	30 June 2016 Shares	30 June 2016 \$'000
Opening balance 29 April 2015		1	-
Shares issued under IPO	11(d)	21,687,113	21,687
Options exercised for \$1.00 per share	11(e)	124,877	125
Dividends reinvestment plan issue	11(f)	27,394	26
Placement of DRP shortfall for \$0.946 per share	11(g)	3,250,000	3,074
Cost of issued capital, net of tax		-	(622)
Balance 30 June 2016		25,089,385	24,290

### **(c) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### **(d) Shares under IPO**

The official quotation of the Company's securities commenced on 21 August 2015. The Company raised \$21,687,113 pursuant to the offer under its replacement prospectus dated 3 July 2015 by the issue of 21,687,113 fully paid ordinary shares at a price of \$1.00 per share together with 21,687,113 options exercisable at \$1.00 per share that expired on 18 August 2016.

### **(e) Options**

On 18 August 2015, as part of IPO the Company issued options to acquire ordinary shares in the Company at an exercise price of \$1.00. The options can be exercised at any time on or before 18 August 2016. The options gave the shareholders the right but not the obligation to subscribe for shares in GC1 at \$1.00 per share.

On 16 August 2016, the 2016 entered into an underwriting agreement with respect to the remaining unexercised options due to expire on 18 August 2016. As a result of this underwriting, all unexercised options were exercised under this agreement with 12,291,488 shares issued on 18 August 2016.

### **(f) Dividend Reinvestment Plan**

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price as specified by the Company from time to time in accordance with the *Corporations Act 2001* and the Listing Rules.

### **(g) Placement of DRP Shortfall**

On 15 March 2016, the Company issued a DRP shortfall placement of 3,250,000 shares at \$0.946 per share.

### **(h) Capital risk management**

The Board's policy is to maintain a strong capital base so as to maintain investor and market confidence.

To achieve this the Board of Directors monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio and share price movements.

The Company is not subject to any externally imposed capital requirements.

## 12 Dividends

### (a) Ordinary shares

Dividends paid fully franked at 30% tax rate:

	<b>Dividend Rate</b>	<b>Total Amount \$'000</b>	<b>Date of Payment</b>	<b>% Franked</b>
<b>2017</b>				
Ordinary shares - final 2016	\$0.0300	\$1,400	04/10/2016	100
Ordinary shares - interim 2017	\$0.0100	\$469	04/05/2017	100
<b>2016</b>				
Ordinary shares - interim 2016	\$0.0075	\$163	23/03/2016	100

### (b) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final ordinary dividend of 3 cents per fully paid share, fully franked, with an ex date of 20 September 2017 and a record date of 21 September 2017, to be paid on 6 October 2017, out of the profits reserve at 30 June 2017.

### (c) Dividend franking account

The franked portions of the final dividends declared after 30 June 2017 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2017 or the portfolio holdings' payment of franked dividend.

	<b>30 June 2017 \$'000</b>	<b>30 June 2016 \$'000</b>
Opening balance of franking account	42	-
Franking credits on dividends received	290	118
Tax paid during the year	540	-
Franking credits lost on ordinary dividends paid	(801)	(70)
Franking credits lost under 45 day rule	(20)	(6)
Closing balance of franking account	51	42
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends	(344)	89
Franking credits on dividends accrued	-	17
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2016 - 30.0%)	(293)	148

## 13 Contingencies and commitments

The Company had no contingent assets and liabilities as at 30 June 2017 (2016: nil).

As at 30 June 2016, the Company had unrecognised commitments relating to purchased equity placements amounting to \$479,000. The related equity securities were listed in ASX and issued in July 2016.

#### 14 Events occurring after the reporting period

Other than the dividend declared after year end and as disclosed above, no other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

#### 15 Reconciliation of profit after income tax to net cash outflow from operating activities

	Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
Profit for the year	322	1,956
Proceeds from sale of financial assets held at fair value through profit or loss	64,576	23,105
Purchase of financial assets held at fair value through profit or loss	(74,333)	(40,268)
Fair value gains on financial assets at fair value through profit or loss	(946)	(3,065)
Dividend income reinvested	(298)	(86)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	25	(62)
Increase in current tax assets	(344)	-
Increase in other current assets	-	(30)
Decrease in deferred tax assets	75	45
Increase in trade and other payables	42	79
(Decrease)/increase in provision for income taxes payable	(89)	89
(Decrease)/increase in deferred tax liabilities	(342)	574
Net cash outflow from operating activities	<u>(11,312)</u>	<u>(17,663)</u>

#### 16 Non-cash financing activities

	Year ended 30 June 2017 \$'000	For the period 29 April 2015 to 30 June 2016 \$'000
Dividends reinvested	393	26
	<u>393</u>	<u>26</u>

## 17 Earnings per share

### (a) Basic earnings per share

	Year ended 30 June 2017 Cents	For the period 29 April 2015 to 30 June 2016 Cents
Basic earnings per share attributable to the ordinary equity holders of the Company	<u>0.74</u>	<u>11.74</u>

### (b) Diluted earnings per share

	Year ended 30 June 2017 Cents	For the period 29 April 2015 to 30 June 2016 Cents
Diluted earnings per share attributable to the ordinary equity holders of the Company	<u>0.74</u>	<u>11.74</u>

Diluted earnings per share is the same as basic earnings per share. Options granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

### (c) Weighted average number of shares used as denominator

	Year ended 30 June 2017 Number	For the period 29 April 2015 to 30 June 2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>43,808,027</u>	<u>16,658,907</u>
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>43,808,027</u>	<u>16,658,907</u>

The weighted average number of shares used as the denominator in calculation of basic and diluted earnings per share for the period 29 April 2015 to 30 June 2016 is based on the weighted average number of shares from 29 April 2015, being the date of incorporation to 30 June 2016. The basic and diluted earnings per share would have been 8.61 cents per share if calculated from 21 August 2015 as the Company had no earnings up to this date.