Glennon Small Companies Limited

ABN 52 605 542 229

Annual Report
for the year ended 30 June 2017

Directors	Michael Glennon *Executive Chairman* John Larsen *Independent Non-Executive Director* Garry Crole *Independent Non-Executive Director*
Secretary	Jillian McGregor
Investment Manager	Glennon Capital Pty Ltd Level 17, 25 Bligh Street Sydney NSW 2000 Phone: (02) 8060 9519
Registered office	c/o Glennon Capital Pty Ltd Level 17, 25 Bligh Street Sydney NSW 2000 Phone: (02) 8060 9519 For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to www.asx.com.au or call (02) 8060 9519.
Custodian and Administrator	Link Fund Solutions Pty Limited (formerly White Outsourcing Pty Limited) Level 12, 680 George Street Sydney NSW 2000 Phone: (02) 8280 7100
Share registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600 Fax: (02) 9279 0664 Email: enquiries@boardroomlimited.com.au For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.
Auditors	Pitcher Partners Level 22 MLC Centre 19 Martin Place Sydney NSW 2000
Stock exchange	Australian Securities Exchange (ASX) The home exchange is Sydney. ASX code: GC1 Ordinary shares
Website	www.glennon.com.au

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Manager's Letter

Overall we would have liked to have seen both the share price and NTA perform better over the past year. The option exercise and the pull back in the small-cap market after the US elections were both events that dragged on NTA growth. Pleasingly though, we were able to pay fully franked dividends and preserve capital in a period where many small-cap companies suffered extreme falls in share price.

We started the financial year with high cash levels. Fortunately, we were restrained and didn't rush and make investments at unattractive levels. At that time we struggled to find value as momentum drove the market as opposed to fundamentals. Our strategy was fortuitous, the market has not returned to the October 2016 levels. We are below the high watermark for performance but pleasingly we have still paid dividends.

The situation changed after the US elections and there was a huge shift out of small growth stocks. This was compounded by a raft of downgrades in the small cap market over the period. Companies that downgraded their earnings estimates were dealt with harshly and often suffered disproportionate share price falls. This was a combination of over-inflated share prices after a period of strong multiple expansion and a significant amount of large-cap managers seeking the growth that they couldn't find in top 100 stocks as the Banks and Telstra suffered poor performance forcing them to move down the market capitalisation spectrum to find growth.

Our focus on capital preservation meant that the cash we held was not earning a return and also meant that we were not buying overpriced companies.

Dividends

During July 2017, the Board declared a fully franked final dividend of 3 cents per share. This was in addition to the interim dividend of 1 cent per share fully franked. This brought the total dividends declared for the financial year 2017 to 4 cents per share fully franked. The Board remains committed to paying a growing stream of fully franked dividends to shareholders over the long term when the Company has the ability to do so. It is pleasing to see that dividends grew over the year from 3.75 cents per share to 4 cents per share.

Investor Communication

The Company is committed to communicating with our investors. To this end, the Glennon Capital team has published weekly newsletters to share our views on stocks, sectors and other topics of interest. These have been widely distributed on social media and aide in our efforts to keep both current and prospective investors informed about the Company.

Outlook

We are happy that we have been able to pay fully franked dividends and that the level of dividends has grown over the short time that the Company has been listed. We hope that over time we can continue to provide investors with both capital growth and a growing stream of fully franked dividends.

Going forward we have concentrated the number of investments in the portfolio and reduced our cash levels to ~15% as we gain more conviction in longer-term investments in our portfolio.

We anticipate that the cash levels will reduce further over the coming months as we deploy more capital as more opportunities open up now that the market shows better value.

Michael Glennon
Chairman
Glennon Small Companies Limited

Investments at Market Value

The investments in the portfolio holdings of the Company is shown below:

	$	%
CONSUMER DISCRETIONARY		
APOLLO TOURISM & LEISURE LIMITED	2,441,238	5.32%
SKYDIVE THE BEACH GROUP LIMITED	1,841,400	4.01%
WEBJET LIMITED	1,482,000	3.23%
3P LEARNING LIMITED	1,254,000	2.73%
THINK CHILDCARE LIMITED	1,232,088	2.69%
PRIME TELEVISION LIMITED	543,400	1.18%
CROWD MOBILE LIMITED	277,858	0.61%
	9,071,984	**19.77%**
FINANCIALS		
CEDAR WOODS PROPERTIES LIMITED	1,332,786	2.91%
FIDUCIAN GROUP LIMITED	1,119,245	2.44%
ZIPMONEY LTD	998,635	2.18%
PIONEER CREDIT LIMITED	969,850	2.11%
AXESSTODAY LIMITED	968,000	2.11%
GENWORTH MORTGAGE INSURANCE AUSTRALIA LIMITED	421,920	0.92%
CONSOLIDATED OPERATIONS GROUP LIMITED	395,688	0.86%
	6,206,124	**13.53%**
INDUSTRIALS		
SMARTGROUP CORPORATION LIMITED	1,606,080	3.50%
PMP LTD	1,279,500	2.79%
CML GROUP LIMITED	1,276,409	2.78%
CLEANAWAY WASTE MANAGEMENT LIMITED	962,500	2.10%
MAXITRANS INDUSTRIES LIMITED	402,839	0.88%
	5,527,328	**12.05%**
INFORMATION TECHNOLOGY		
MITULA GROUP LIMITED	1,522,900	3.32%
PUREPROFILE LIMITED	670,000	1.46%
DREAMSCAPE NETWORKS LIMITED	481,715	1.05%
	2,674,615	**5.83%**
HEALTH CARE		
NATIONAL VETERINARY CARE LIMITED	2,881,300	6.28%
PARAGON CARE LIMITED	1,559,035	3.40%
	4,440,335	**9.68%**
MATERIALS		
PACT GROUP HOLDINGS LTD	1,209,980	2.64%
	1,209,980	**2.64%**
TELECOMMUNICATION SERVICES		
SPEEDCAST INTERNATIONAL LIMITED	1,394,300	3.04%
	1,394,300	**3.04%**
UNLISTED CONVERTIBLE NOTES		
LOCALAGENTFINDER LIMITED	500,000	1.09%
ADVANCED BRAKING TECHNOLOGY	200,000	0.44%
KNOSYS LIMITED	120,000	0.26%
	820,000	**1.79%**
UNLISTED EQUITY		
TITOMIC LIMITED	70,000	0.15%
	70,000	**0.15%**
TOTAL	**31,414,666**	**68.48%**

Corporate Governance Statement

As an ASX-listed company, Glennon Small Companies Limited (the Company) and its Directors are committed to responsible and transparent financial and business practices to protect and advance shareholders' interests. The Company's strong corporate governance practices are based on the ASX Corporate Governance Principles and Recommendations.

The Board has adopted these ASX principles and recommendations which are complemented by the Company's core principles of honesty and integrity. The corporate governance policies and practices adopted by the Board are outlined in the Company's Corporate Governance section (http://www.glennon.com.au/corporate-governance-statement-2017.pdf).

Directors' Report

The Directors present their report together with the financial report of Glennon Small Companies Limited ("the Company") for the year ended 30 June 2017.

Directors

The following persons held office as Directors during or since the end of the year and up to the date of this report:

Michael Glennon (Executive Chairman)
John Larsen (Independent Non-Executive Director)
Garry Crole (Independent Non-Executive Director)

Principal activities

The principal activity of the Company is making investments in listed companies outside the S&P/ASX 100.

There was no significant change in the nature of the activity of the Company during the year.

Dividends - Glennon Small Companies Limited

Dividends paid to members since the end of the previous financial year were as follows:

	Dividend Rate	Total Amount $'000	Date of Payment	% Franked
2017				
Ordinary shares - final 2016	$0.0300	$1,400	04/10/2016	100
Ordinary shares - interim 2017	$0.0100	$469	04/05/2017	100
2016				
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.

Review of operations

The operating profit before tax including realised and unrealised investment movements was $162,000 for the year ended 30 June 2017 (2016: $2,664,000). The net result after tax was a profit of $322,000 (2016: $1,956,000).

The net tangible asset backing before tax as at 30 June 2017 was $0.9850 per share (2016: $1.0605).

On 16 August 2016, the Company entered into an underwriting agreement with respect to the remaining unexercised options due to expire on 18 August 2016. The underwriting was completed on 18 August 2016 and there were 12,291,488 shares issued as a result of this underwriting .

Further information on the operating and financial review of the Company is contained in the Manager's Letter on page 1 of the Annual Report.

Financial Position

The net asset value of the Company for the current financial year ended was $46,204,000 (2016: $26,083,000).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2017.

Matters subsequent to the end of the financial period

Other than the dividend declared after year end, 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 in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long term benefit of the members. This will require continual review of the investment strategies that are currently in place and may require changes to these strategies to maximise returns.

Further information is contained in the Manager's Letter on page 1 of the Annual Report.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Information on directors

Michael Glennon *Chairman* Age 43 (appointed on 29 April 2015)

Experience and expertise
Michael Glennon has 19 years experience in financial markets and over 17 years experience as a portfolio manager and director of several boutique investment management firms. He has extensive contacts in listed companies and has accumulated a wealth of knowledge of smaller listed companies over the time he has been in the market. He has worked with some of Australia’s most respected small company fund managers and has also managed a listed investment company as well as portfolios for public superannuation funds, family offices, financial planner clients, insurance companies, charities and other professional investors. Mr Michael Glennon regularly speaks on ABC radio and appears on CNBC providing expert commentary on investing and financial markets.

He holds a Bachelor of Commerce degree from the University of Western Sydney.

Other current directorships
Michael Glennon is the sole director of the investment management company, Glennon Capital Pty Ltd. He is also a director of Glennon Investments Pty Ltd and Towra Nominees Pty Ltd.

Michael Glennon is also the Executive Chairman of ASX listed, CMI Limited. He was appointed as a director of CMI Limited on 23 December 2016.

Former directorships in last 3 years
Pursuant to section 300(11)(e) of the *Corporations Act 2001*, and except as disclosed above, there were no other directorships held by the Michael Glennon in Australian listed companies at any time in the 3 years immediately before the end of the financial year.

Special responsibilities
Chairman of the Board and member of Remuneration and Nomination Committee and Disclosure Committee.

Interests in shares and options
Details of Michael Glennon’s interests in shares of the Company are included later in this report.

Interests in contracts
Details of Michael Glennon’s interests in contracts of the Company are included later in this report.

Information on directors (continued)

John Larsen Independent Non-Executive Director Age 67 (appointed on 29 April 2015)

Experience and expertise
John Larsen has over 30 years experience in senior management roles in funds management and broking companies. He has managed a number of private portfolios and a number of individually managed accounts. Between 2006 and 2008, he was part of the investment committee responsible for investment for the Huntley Investment Company Limited, a listed investment company. He was also Group Investment Manager at ING (previously Mercantile Mutual Group) retaining responsibility for the entire Australian investments portfolio with over $500 million of funds under management. During his tenure, ING was one of the largest fund managers in the Australian market. He is also a member of Institute of Chartered Accountants.

John Larsen's institutional dealing experiences include working as the Head of Equities for Deutsche Bank in Australia, and as a Director of County Natwest Securities (now part of Citigroup) in charge of institutional sales.

Other current directorships
None

Former directorships in last 3 years
Pursuant to section 300(11)(e) of the *Corporations Act 2001*, there were no other directorships held by the John Larsen in Australian listed companies at any time in the 3 years immediately before the end of this financial year.

Special responsibilities
Chairman of the Audit and Risk Committee and Remuneration and Nomination Committee and member of the Disclosure Committee.

Interests in shares and options
Details of John Larsen's interests in shares of the Company are included later in this report.

Interests in contracts
There are no contracts to which John Larsen is a party or under which John Larsen is entitled to a benefit and that confer a right to call for or deliver shares in the Company or a related body corporate.

Garry Crole Independent Non-Executive Director Age 54 (appointed on 29 April 2015)

Experience and expertise
Garry Crole is an experienced financial services professional who has held numerous senior executive positions with leading Australian companies such as Colonial Mutual Life. After working for Colonial Mutual Life as an executive in the 1980s, Mr Crole founded the distribution network of Money Planners. He then became the CEO of the ASX-listed Deakin Financial Services Limited (ASX: DKN), a role he held through to 2001. Over the past 10 years, Garry has been the joint Managing Director of InterPrac Limited, an unlisted public company specialising in providing the accounting industry access to financial services product and distribution capability. In this role, he has worked closely with the National Tax Accountants Association (NTAA), an accountant and tax advisor association with a member base of over 8,500 accountancy practices spread across Australia.

Garry Crole holds a Diploma in Financial Planning and is a graduate member of the Australian Institute of Company Directors.

Other current directorships
Garry Crole is the joint managing director of InterPrac Financial Planning Pty Ltd. He is also a non-executive director of ASX listed Sequoia Financial Group Limited, having been appointed to his position on 18 November 2016.

Former directorships in last 3 years
During the period from 11 June 2013 until 6 October 2016, Garry Crole was a non-executive director of Diversa Limited.

Pursuant to section 300(11)(e) of the *Corporations Act 2001*, and except as disclosed above, there were no other directorships held by the Garry Crole in Australian listed companies at any time in the 3 years immediately before the end of the financial year.

Information on directors (continued)

Special responsibilities
Member of the Audit and Risk Committee, Remuneration and Nomination Committee and Disclosure Committee.

Interests in shares and options
Details of Garry Crole's interests in shares of the Company are included later in this report.

Interests in contracts
There are no contracts to which Garry Crole is a party or under which Garry Crole is entitled to a benefit and that confer a right to call for or deliver shares in the Company or a related body corporate.

Company secretary

Ms Jillian McGregor has approximately 20 years' experience as a corporate lawyer, during which time she regularly advised companies and directors on compliance with the *Corporations Act 2001,* ASX listing rules and other corporate legal matters. Ms McGregor holds degrees in commerce and law and holds a graduate diploma of applied corporate governance.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held in the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Meetings of committees					
			Audit and Risk		Remuneration and Nomination		Disclosure	
	A	B	A	B	A	B	A	B
Michael Glennon	4	4	*	-	2	2	-	-
John Larsen	4	4	3	3	2	2	-	-
Garry Crole	4	4	3	3	2	2	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
* Not a member of the relevant committee

Remuneration report (Audited)

This report details the nature and amount of remuneration for each Director of Glennon Small Companies Limited in accordance with the *Corporations Act 2001.*

The Directors will be entitled to receive the following benefits:

(a) John Larsen: $25,000 p.a.
(b) Garry Crole: $25,000 p.a.

Michael Glennon is is remunerated by the Investment Manager and will not receive Directors' fees or any other form of remuneration from the Company.

Remuneration report (Audited) (continued)

Executive remuneration policy and framework

The Board has established the Remuneration and Nomination Committee. The Board acknowledges that currently this committee comprises all the three members of the Board. The chairman of the committee is an independent director.

The Remuneration and Nomination Committee is responsible for reviewing and making recommendations in relation to the composition of the Board and performance of the Directors and ensuring that adequate succession plans are in place. Independent advice will be sought where appropriate.

The Remuneration and Nomination Committee will meet as often as is required by the Remuneration and Nomination Committee Charter and is governed by the provisions in the Company’s Constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with the Remuneration and Nomination Committee Charter.

The role of the Remuneration and Nomination Committee is develop, review and make recommendations to the Board regarding the ongoing appropriateness and relevance of the remuneration framework for the chairman and the non-executive directors and the process by which any pool of directors’ fees approved by shareholders is allocated to directors.

Non-executive directors are remunerated by way of director fees and superannuation contributions.

Michael Glennon, the Chairman, is the sole director of the Manager. He is remunerated by the Manager and will not receive Directors’ fees from the Company for his services. Further detail is provided in the Remuneration Report.

Relationship between remuneration and the Company's performance

The remuneration policy has been specifically designed to ensure that the Company's shareholders can determine whether the aggregate remuneration of Directors should or should not be increased. As such, the Directors’ aggregate and individual remuneration levels are not directly dependent upon the Company's performance or a performance condition. However, practically, whether shareholders vote for or against an increase in the aggregate remuneration will depend upon, amongst other things, how the Company has performed over the number of years.

Under the ASX Listing Rules the maximum fees payable to non-executive directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

Remuneration report (Audited) (continued)

Details of remuneration

The following tables show details of the remuneration received by the Directors of the Company for the current financial year and previous financial period.

2017	Short-term employee benefits	Post-employment benefits	
Name	Salary and fees $	Superannuation $	Total $
Non-executive Directors			
John Larsen	22,831	2,169	25,000
Garry Crole	22,831	2,169	25,000
Sub-total non-executive directors	45,662	4,338	50,000
Executive Director			
Michael Glennon	-	-	-
Total key management personnel compensation	45,662	4,338	50,000

2016	Short-term employee benefits	Post-employment benefits	
Name	Salary and fees $	Superannuation $	Total $
Non-executive Directors			
John Larsen	22,831	2,169	25,000
Garry Crole	22,831	2,169	25,000
Sub-total non-executive directors	45,662	4,338	50,000
Executive Director			
Michael Glennon	-	-	-
Total key management personnel compensation	45,662	4,338	50,000

The following table comprises the Company performance and non-executive directors' remuneration:

	2017	**2016***
Operating profit/(loss) after tax	$322,000	$1,956,000
Dividends paid (cents per share)	4.0	0.75
Net tangible asset ($ per share)	0.9850	1.0377
Total Directors' remuneration	$50,000	$50,000
Total Shareholder's Equity	$46,204,000	$26,083,000

*The profit and loss balances are reflecting the reporting period from 29 April 2015 to 30 June 2016.

Remuneration report (Audited) (continued)

Details of remuneration (continued)

Director Related Entity Remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Michael Glennon is the sole Director and beneficial owner of Glennon Capital Pty Ltd, the Company appointed to manage the investment portfolio of Glennon Small Companies Limited. In its capacity as Manager, Glennon Capital Pty Ltd was paid a management fee of 1%p.a. (plus GST) of the net asset value of the portfolio amounting to $466,413 net of reduced input tax credits (2016: $207,064). As at 30 June 2017, the balance payable to the Manager was $42,200 (2016: $24,137). A summary of the material terms of the management agreement is contained in Section 10.1 of the Company's Prospectus dated 3 July 2015 (http://www.glennon.com.au/wp-content/uploads/2017/03/GlennonSmallCompaniesProspectus.pdf).

In addition, the Manager is to be paid, quarterly in arrears, a performance fee of 20% (plus GST) of the portfolio's outperformance over the benchmark and subject to high water mark. The Manager may elect up to five business days prior to payment date that all or part of the performance fee is to be applied to the issue of ordinary shares in the Company, without receiving any approvals from the shareholders of the Company. Further information in respect of the Company's performance fee calculation is contained in Section 10.1 of the Company's Prospectus dated 3 July 2015.

For the year ended 30 June 2017, in its capacity as Manager, Glennon Capital Pty Ltd was paid a performance fee net of reduced input tax credits amounting to $529,950 (2016: $167,049).

No other Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Remuneration of Executives

There are no executives that are paid by the Company. Glennon Capital Pty Ltd, the Manager of the Company, is beneficially owned by Michael Glennon who provides day to day management of the Company.

Equity Instrument Disclosures Relating to Directors

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares Held

Director	Position	Balance at 30 August 2016	Net movement	Balance at 27 September 2017
Michael Glennon	Executive Chairman	1,119,507	223,576	1,343,083
John Larsen	Independent Non-Executive Director	100,000	29,342	129,342
Garry Crole	Independent Non-Executive Director	179,380	120,620	300,000
		1,398,887	**373,538**	**1,772,425**

Director	Position	Balance at 29 April 2015	Net movement	Balance at 29 August 2016
Michael Glennon	Executive Chairman	1	1,119,506	1,119,507
John Larsen	Independent Non-Executive Director	-	100,000	100,000
Garry Crole	Independent Non-Executive Director	-	179,380	179,380
		1	**1,398,886**	**1,398,887**

Remuneration report (Audited) (continued)

Details of remuneration (continued)

Equity Instrument Disclosures Relating to Directors (continued)

Options Held

Director	Position	Balance at 29 April 2015	Options acquired	Options exercised/ expired	Balance at 29 August 2016
Michael Glennon	Executive Chairman	-	494,623	(494,623)	-
John Larsen	Independent Non-Executive Director	-	50,000	(50,000)	-
Garry Crole	Independent Non-Executive Director	-	120,000	(120,000)	-
		-	**664,623**	**(544,623)**	**-**

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors' options were granted on 18 August 2015 and expired on 18 August 2016. The options were attached to the ordinary shares acquired on IPO and have the same terms and conditions available to other shareholders. The ordinary shares and options were not granted to Directors as a form of compensation.

Ordinary shares acquired through exercise of options were purchased at $1.00 per share. Michael Glennon and John Larsen exercised their options on 3 August 2016 and 21 July 2016, respectively. Garry Crole's options expired on 18 August 2016.

End of remuneration report

Insurance and indemnification of officers and auditors

(a) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Shares under option

Shares issued on the exercise of options

During the year ended 30 June 2017, 21,562,236 shares were issued on the exercise of options issued on 18 August 2015 as part of IPO at an exercise price of $1.00. The options were due to expire on 18 August 2016. No further options were issued since that date.

Non-audit services

The Company's Audit and Risk Committee oversees the relationship with the Company's auditors. Non-audit services were provided by the auditors of the Company during the period. The directors are satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Details of the amounts paid to the auditors and their related parties are disclosed in Note 17 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

This report is made in accordance with a resolution of Directors.

Michael Glennon
Executive Chairman

Sydney
27 September 2017

Auditor's Independence Declaration
To the Directors of Glennon Small Companies Limited
A.B.N. 52 605 542 229

In relation to the independent audit for the year ended 30 June 2017, I declare that to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and

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

This declaration is in respect of Glennon Small Companies Limited during the year.

C I CHANDRAN
Partner

PITCHER PARTNERS
Sydney

27 September 2017

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

	Notes	Year ended 30 June 2017 $'000	For the period 29 April 2015 to 30 June 2016 $'000
Investment income from ordinary activities			
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
		1,776	3,514
Expenses			
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)
		(1,614)	(850)
Profit before income tax		**162**	2,664
Income tax benefit/(expense)	7	**160**	(708)
Profit for the year		**322**	1,956
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**322**	1,956
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	23	**0.74**	11.74
Diluted earnings per share	23	**0.74**	11.74

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

	Notes	At **30 June 2017 $'000**	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**14,561**	6,197
Trade and other receivables	9	**37**	129
Financial assets at fair value through profit or loss	10	**31,414**	22,301
Current tax assets		**344**	-
Other current assets		**30**	30
Total current assets		**46,386**	28,657
Non-current assets			
Deferred tax assets	11	**270**	222
Total non-current assets		**270**	222
Total assets		**46,656**	28,879
LIABILITIES			
Current liabilities			
Trade and other payables	12	**220**	2,133
Current tax liabilities		**-**	89
Total current liabilities		**220**	2,222
Non-current liabilities			
Deferred tax liabilities	13	**232**	574
Total non-current liabilities		**232**	574
Total liabilities		**452**	2,796
Net assets		**46,204**	26,083
EQUITY			
Issued capital	14	**45,958**	24,290
Profits reserve		**3,012**	1,793
Accumulated losses		**(2,766)**	-
Total equity		**46,204**	26,083

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

	Notes	Issued capital $'000	Profits reserve $'000	Accumulated losses $'000	Total $'000
Balance at 29 April 2015		-	-	-	-
Net profit for the year		-	-	1,956	1,956
Transactions with owners in their capacity as owners:					
Contributions of equity	14	24,912	-	-	24,912
Costs of issued capital		(622)	-	-	(622)
Dividends provided for or paid	15	-	(163)	-	(163)
Transfer to profits reserve (net of tax)		-	1,956	(1,956)	-
		24,290	1,793	(1,956)	24,127
Balance at 30 June 2016		**24,290**	**1,793**	**-**	**26,083**

	Notes	Issued capital $'000	Profits reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2016		24,290	1,793	-	26,083
Net profit for the year		-	-	322	322
Transactions with owners in their capacity as owners:					
Contributions of equity	14	21,956	-	-	21,956
Costs of issued capital		(288)	-	-	(288)
Dividends provided for or paid	15	-	(1,869)	-	(1,869)
Transfer to profits reserve (net of tax)		-	3,088	(3,088)	-
		21,668	1,219	(3,088)	19,799
Balance at 30 June 2017		**45,958**	**3,012**	**(2,766)**	**46,204**

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

	Notes	**Year ended 30 June 2017 $'000**	For the period 29 April 2015 to 30 June 2016 $'000
Cash flows from operating activities			
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)
Net cash outflow from operating activities	21	**(11,312)**	(17,663)
Cash flows from financing activities			
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)
Net cash inflow from financing activities		**19,676**	23,860
Net increase in cash and cash equivalents		**8,364**	6,197
Cash and cash equivalents at the beginning of the year		**6,197**	-
Cash and cash equivalents at end of year	8	**14,561**	6,197
Non-cash financing activities			
Dividends reinvested	22	**394**	26

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 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.

The financial statements were authorised for issue by the Board of Directors on 27 September 2017.

(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.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	The Company does not expect any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities as they are carried at fair value through profit or loss, the derecognition rules have not changed from previous requirements and the Company does not apply hedge accounting.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Company has not yet decided when to adopt AASB 9.
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.	The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.	Mandatory for financial years commencing on or after 1 January 2018. The Company has not yet decided when to adopt AASB 15.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Significant accounting policies (continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the year they are incurred in accordance with the policies described in Note 2(g).

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(iv) Other income

The Company recognises other income when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

(c) Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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

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

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

(d) Cash and cash equivalents

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

2 Significant accounting policies (continued)

(e) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days. A provision for impairment of amounts due from brokers is recognised in the Statement of Comprehensive Income when there is objective evidence that the Company will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

(g) Financial assets and liabilities

The Company's investments are classified as at fair value through profit or loss. They comprise:

Classification

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate information about these financial instruments on a fair value basis together with other related financial information.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss are recognised on trade-date, the date on which the Company 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 Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at fair value excluding transaction costs that are directly attributable to its acquisition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of listed investments are based on current bid prices at each reporting date.

When an investment is disposed, the cumulative gain or loss is recognised as realised gains and losses from the sale of financial instruments in the Statement of Comprehensive Income.

The Company's accounting policy on fair value measurements is discussed in Note 4.

2 Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

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.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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 from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(i) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Profits reserve

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments.

(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

Franking credits are generated by receiving fully franked dividends from shares held in the Company's investment portfolio, and from the payment of corporate tax on its other investment income, unfranked income and net realised gains.

(l) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Significant accounting policies (continued)

(l) Earnings per share (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(m) Goods and Services Tax (GST)

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

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

(n) Operating segments

The Company operated in Australia only and the principal activity is investing.

(o) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

(p) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(q) Comparatives

Comparatives are for the period 29 April 2015, being the registration date, to 30 June 2016, whereas the current year balances are for the year ended 30 June 2017.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

In addition to investments in Australian entities, the Manager may invest in entities outside Australia. Hence the Company may assume currency exposure and there is a risk that adverse movements in exchange rates will reduce their value in Australian dollar terms.

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through profit or loss.

The Company seeks to manage and constrain market risk by holding a diversified portfolio of typically between 20 and 60 ASX listed companies and holding cash of up to 20%.

The Company's investment sector as at 30 June is as below:

Sector	**2017 (%)**	2016 (%)
Information technology	**9**	11
Financial services	**20**	5
Energy	**-**	2
Health care	**14**	18
Consumer staples	**-**	6
Industrials	**18**	17
Consumer discretionary	**30**	29
Utilities	**-**	2
Materials	**4**	9
Telecommunications services	**5**	1
Total	**100**	100

As at 30 June 2017, there are no securities that represented over 12% of the Portfolio (2016: nil).

3 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent:

	Impact on post-tax profit	
	2017	2016
	$'000	$'000
Decrease 5%	**(1,071)**	(781)
Increase 5%	**1,071**	781
Decrease 10%	**(2,142)**	(1,561)
Increase 10%	**2,142**	1,561

Post-tax profit for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified as at fair value through profit or loss.

At balance date, the equity securities net portfolio position was $30,594,000 (2016: $22,301,000).

(iii) Cash flow and fair value interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

At 30 June 2017

	Floating interest rate $'000	**Fixed interest rate $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets				
Cash and cash equivalents	**14,561**	**-**	**-**	**14,561**
Trade and other receivables	**-**	**-**	**37**	**37**
Financial assets held at fair value through profit or loss	**-**	**820**	**30,594**	**31,414**
Current tax assets	**-**	**-**	**344**	**344**
	14,561	**820**	**30,975**	**46,356**
Financial liabilities				
Trade and other payables	**-**	**-**	**(220)**	**(220)**
	-	**-**	**(220)**	**(220)**
Net exposure to interest rate risk	**14,561**	**820**	**30,755**	**46,136**

3 Financial risk management (continued)

(a) Market risk (continued)

At 30 June 2016

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	6,197	-	-	6,197
Trade and other receivables	-	-	129	129
Financial assets held at fair value through profit or loss	-	-	22,301	22,301
	6,197	-	22,430	28,627
Financial liabilities				
Trade and other payables	-	-	(2,133)	(2,133)
Current tax liabilities	-	-	(89)	(89)
	-	-	(2,222)	(2,222)
Net exposure to interest rate risk	6,197	-	20,208	26,405

Sensitivity

At 30 June 2017, if interest rates had increased by 75 or decreased by 75 basis points from the year end rates with all other variables held constant, post-tax loss for the year would have been $81,000 lower/$81,000 higher (2016: changes of 75 bps/75 bps: $33,000 lower/$33,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

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

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Company is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivables.

The Company manages credit risk by only entering into agreements with credit worthy parties.

(c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Manager manages liquidity risk by monitoring the asset size of the Company as a whole on executing transactions.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Maturities of financial liabilities

All non-derivative financial liabilities of the Company have maturities of less than 1 month.

4 Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June.

At 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at FVPL				
Listed equity securities	**30,524**	**-**	**-**	**30,524**
Unlisted convertible notes	**-**	**820**	**-**	**820**
Unlisted equity securities	**-**	**70**	**-**	**70**
Total financial assets	**30,524**	**890**	**-**	**31,414**

At 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets at FVTPL				
Listed equity securities	22,301	-	-	22,301
Total financial assets	22,301	-	-	22,301

The unlisted convertible notes and unlisted equity securities included in Level 2 of the hierarchy are investments in convertible notes and equity securities which are not listed on the Australian Securities Exchange. These have been valued at cost which the Board consider to represent fair value.

There were no transfers between levels for recurring fair value measurements during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Income taxes

The Company has recognised deferred tax assets relating to capitalised share issue costs and other temporary differences of $270,000 at 30 June 2017 (2016: $222,000). These are sufficient to cover the taxable temporary differences (deferred tax liabilities on unrealised gains on investments and other temporary differences) of $232,000 at 30 June 2017 (2016: $574,000) relating to the same taxation authority.

6 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.

7 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	**(160)**	708
Income tax expense/(benefit) is attributable to:		
Profit before tax from continuing operations	**162**	2,664

7 Income tax (benefit)/expense (continued)

(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	**(160)**	708
The applicable effective tax rates are as follows:	**(98.77%)**	26.58%

(c) Amounts recognised directly in equity

	Notes	**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	11	**259**	213

8 Current assets - Cash and cash equivalents

	At	
	30 June 2017 $'000	30 June 2016 $'000
Current assets		
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 3. 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+

9 Current assets - Trade and other receivables

	At	
	30 June 2017 $'000	30 June 2016 $'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.

10 Current assets - Financial assets at fair value through profit or loss

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

The market values of the investments as at 30 June 2017 are disclosed on page 2 of the Annual Report. Listed securities are readily saleable with no fixed terms.

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.

(a) Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 805 (2016: 521). Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was $369,000 (2016: $185,000).

(b) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 3.

11 Non-current assets - Deferred tax assets

	At	
	30 June 2017 $'000	30 June 2016 $'000
The balance comprises temporary differences attributable to:		
Capitalised share issue costs	**259**	213
Accrued expenses	**11**	9
	270	222

	At	
	30 June 2017 $'000	30 June 2016 $'000
Movements:		
Opening balance	**222**	-
Charged/(credited):		
- to equity	**46**	213
- to profit or loss	**2**	9
Closing balance	**270**	222

12 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
	220	2,133

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.

13 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
	232	574

13 Non-current liabilities - Deferred tax liabilities (continued)

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

14 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	14(e)	**9,270,748**	**9,271**
Options exercised for $1.00 per share via underwriting	14(e)	**12,291,488**	**12,291**
Dividends reinvestment plan issue	14(f)	**424,127**	**394**
Cost of issued capital, net of tax		-	**(288)**
Balance 30 June 2017		**47,075,748**	**45,958**

Details	**Notes**	**30 June 2016 Shares**	**30 June 2016 $'000**
Opening balance 29 April 2015		1	-
Shares issued under IPO	14(d)	21,687,113	21,687
Options exercised for $1.00 per share	14(e)	124,877	125
Dividends reinvestment plan issue	14(f)	27,394	26
Placement of DRP shortfall for $0.946 per share	14(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.

14 Issued capital (continued)

(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.

15 Dividends

(a) Ordinary shares

Dividends paid fully franked at 30% tax rate:

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

15 Dividends (continued)

(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.

	30 June 2017 $'000	30 June 2016 $'000
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

16 Key management personnel disclosures

(a) Key management personnel compensation

Key management personnel include persons who were directors of the Manager at any time during or since the end of the financial year up to the date of this report. The following persons held office as directors of Glennon Small Companies Limited at any time during or since the end of the financial year and up to the date of this report:

Michael Glennon (Chairman)
John Larsen (Non-Executive Director)
Garry Crole (Non-Executive Director)

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 11.

	Year ended 30 June 2017 $	For the period 29 April 2015 to 30 June 2016 $
Short-term employee benefits	**45,662**	45,662
Post-employment benefits	**4,338**	4,338
	50,000	50,000

16 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company that were held during the financial year by each Director of Glennon Small Companies Limited and other key management personnel of the Company, including their personally related parties, are set out below.

Year ended 30 June 2017 **Name**	**Balance at start of the year**	**Net movement**	**Balance at end of the year**
Directors of Glennon Small Companies Limited			
Michael Glennon	494,623	(494,623)	-
John Larsen	50,000	(50,000)	-
Garry Crole	120,000	(120,000)	-
	664,623	(664,623)	-

For the period 29 April 2015 to 30 June 2016 Name	**Balance at start of the period**	**Net movement**	**Balance at end of the period**
Directors of Glennon Small Companies Limited			
Michael Glennon	-	494,623	494,623
John Larsen	-	50,000	50,000
Garry Crole	-	120,000	120,000
	-	664,623	664,623

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Glennon Small Companies Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Year ended 30 June 2017 **Name**	**Balance at the start of the year**	**Net movement**	**Balance at end of the year**
Directors of Glennon Small Companies Limited			
Ordinary shares			
Michael Glennon	567,285	750,798	1,318,083
John Larsen	50,000	79,342	129,342
Garry Crole	179,380	120,620	300,000
	796,665	950,760	1,747,425

16 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

For the period 29 April 2015 to 30 June 2016 **Name**	**Balance at the start of the period**	**Net movement**	**Balance at end of the period**
Directors of Glennon Small Companies Limited			
Ordinary shares			
Michael Glennon	1	567,284	567,285
John Larsen	-	50,000	50,000
Garry Crole	-	179,380	179,380
	1	796,664	796,665

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(i) Audit and other assurance services

	Year ended 30 June 2017 $	For the period 29 April 2015 to 30 June 2016 $
Audit and other assurance services		
Other assurance services		
Audit and review of financial statements - Pitcher Partners Melbourne	**18,000**	50,000
Other assurance services	**-**	43,500
Audit and review of financial statements - Pitcher Partners Sydney	**28,400**	-
Total remuneration for audit and other assurance services	**46,400**	93,500
Taxation services		
Tax compliance services - Pitcher Partners Sydney	**9,000**	-
Tax compliance services - Pitcher Partners Melbourne	**-**	9,000
Other taxation services	**-**	4,000
Total remuneration for taxation services	**9,000**	13,000
Total remuneration of Pitcher Partners	**55,400**	106,500

The Company's Audit and Risk Committee oversees the relationship with the Company's auditors. The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting systems, the systems of internal control and risk management and audit functions.

18 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.

19 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 16.

(b) Transactions with other related parties

All transactions with related entities were made on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Michael Glennon is a Director and beneficial owner of Glennon Capital Pty Ltd, the Company appointed to manage the investment portfolio of Glennon Small Companies Limited. In its capacity as Manager, Glennon Capital Pty Ltd was paid a management fee of 1% p.a. (plus GST) of the net asset value of the portfolio amounting to $466,413 net of reduced input tax credits (2016: $207,064). As at 30 June 2017, the balance payable to the Manager was $42,200 (2016: $24,137).

In addition, the Manager is to be paid, quarterly in arrears, a performance fee of 20% (plus GST) of the portfolio's outperformance over the S&P/ASX Small Ordinaries Accumulation Index. For the year ended 30 June 2017 in its capacity as manager, Glennon Capital Pty Ltd earned performance fee net of reduced input tax credit amounting to $529,950 (2016: $167,049).

Apart from those details disclosed in this note and in Note 16, no key management personnel have entered into a material contract with the Company during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

20 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.

21 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	**(11,312)**	(17,663)

22 Non-cash financing activities

	Year ended 30 June 2017 $'000	For the period 29 April 2015 to 30 June 2016 $'000
Dividends reinvested	**394**	26
	394	26

23 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	**0.74**	11.74

(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	**0.74**	11.74

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	**43,808,027**	16,658,907
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**43,808,027**	16,658,907

23 Earnings per share (continued)

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

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.

In the opinion of the directors of Glennon Small Companies Limited:

(a) the financial statements and notes set out on pages 14 to 39 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a)(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by Michael Glennon on behalf of the Manager, Glennon Capital Pty Ltd.

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

Michael Glennon
Executive Chairman

Sydney
27 September 2017

Independent Auditor's Report
to the Members of Glennon Small Companies Limited
A.B.N. 52 605 542 229

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Glennon Small Companies Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Opinion

In our opinion

a) the financial report of Glennon Small Companies Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Existence, Valuation, and Classification of Financial Assets ***Refer to Note 4: Fair value measurements, Note 10: Current assets - Financial assets at fair value through profit or loss***	
We focused our audit effort on the valuation and existence of the Company's financial assets as these compromise its largest investment and represent the most significant driver of the Company's NTA and profits. The quantum of investments held inherently makes financial assets a key audit matter, in addition however, there may be judgements involved in determining the fair value of financial instruments. In relation to investments, there is also a risk that these are not owned by the Company or do not exist. We therefore identified the valuation, existence and ownership of investments as an area of focus.	Our procedures included, amongst others: ▪ We obtained an understanding of the investment management process and controls; ▪ We reviewed the independent audit report on internal controls (ASAE *3402 Assurance Reports on Controls at a Service Organisation*) for the period 1 July 2016 to 30 June 2017 for the Custodian; ▪ We agreed the investment holdings to a confirmation obtained directly from the Custodian; ▪ We assessed the Company's valuation of individual investment holdings to independent sources where readily observable data was available. For investments where there was little or less observable market data, we obtained and assessed other relevant valuation data; ▪ We evaluated the appropriateness of the accounting treatment of revaluations of financial assets for current/deferred tax and realised/unrealised gains or losses; ▪ We assessed the adequacy of disclosures in the financial statements.

Accuracy and Completeness of Management and Performance Fees ***Refer to Note 12: Current liabilities - Trade and other payables, Note 19: Related party transactions and Remuneration Report***	
We focused our audit effort on the accuracy and completeness of management and performance fees as they are significant expenses of the Company and their calculation may require adjustments for events in accordance with the Investment Management Agreement between the Company and the Investment Manager. In addition to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party. We therefore identified the accuracy and completeness of management and performance fees as an area of focus.	Our procedures included, amongst others: ▪ Making enquiries with the Investment Manager and the Directors with respect to any significant events during the period and associated adjustments made as a result, in addition to having reviewed ASX announcements; ▪ Considered the treatment of events that may be significant to the calculation of management and performance fees; ▪ In order to verify the Company's calculation, we recalculated management and performance fees in accordance with our understanding of the Investment Management Agreement; ▪ Tested key inputs used in the calculation of the management and performance fees and performed a reasonableness test; ▪ We also assessed the adequacy of disclosures made in the financial statements in relation to these related party transactions.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The Directors of Glennon Small Companies Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the Directors' Report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Glennon Small Companies Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

C I CHANDRAN
Partner

PITCHER PARTNERS
Sydney

27 September 2017

The Shareholder information set out below was applicable as at 31 August 2017.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares		
Holding	**No. of Shareholders**	**Shares**	**Percentage**
1 - 1000	36	20,490	0.04
1,001 - 5,000	161	543,552	1.16
5,001 - 10,000	200	1,699,216	3.61
10,001 - 100,000	701	23,863,736	50.69
100,001 and over	71	20,948,754	44.50
	1,169	47,075,748	100.00

There were 19 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
BNP Paribas Nominees Pty Ltd	3,350,500	7.12
Glennon Investments Pty Ltd	1,047,604	2.23
Mr Victor John Plummer	1,000,000	2.12
Posse Investment Holdings Pty Limited	970,730	2.06
Henroth Pty Ltd	900,000	1.91
Dynasty Peak Pty Limited	691,314	1.47
Whotif Pty Ltd	658,870	1.40
HSBC Custody Nominees	568,000	1.21
Posse Investment Holdings P/L	545,720	1.16
Gaseous Pty Ltd	478,411	1.02
Panchek Pty Ltd	400,000	0.85
Crimson Skies Pty Ltd	313,854	0.67
Leigh Trust	300,000	0.64
Towra Nominees Pty Ltd	270,479	0.58
F S Glennon & Co Pty Ltd	260,855	0.55
Halcycon Pty Ltd	252,784	0.54
Griffina Pty Limited	250,000	0.53
Mrs Kellyanne Dyer	250,000	0.53
Netwealth Investments Limited	237,649	0.51
Australco Super Investments Pty Limited	230,005	0.49
	12,976,775	27.57

C. Substantial holders

There is currently one substantial shareholder, Posse Investment Holdings Pty Limited & Assoc., holding a total of 1,259,348 ordinary shares.

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

E. Stock Exchange Listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

F. Unquoted Securities

There are no unquoted shares.

G. Securities Subject to Voluntary Escrow

There are no securities subject to voluntary escrow.