

NAOS Emerging Opportunities Company Limited

ASX Code: NCC ACN: 161 106 510

Appendix 4D | Results for Announcement to the Market

Results Announcement for the half year ended 31 December 2017

All comparisons are to the half year ended 31 December 2016

	\$	up/down	% change
Revenue from ordinary activities	9,786,546	down	(0.9%)
Profit from ordinary activities before tax attributable to shareholders	8,977,111	up	7.9%
Profit from ordinary activities after tax attributable to shareholders	6,909,557	up	16.1%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2018 Interim dividend	3.75c	3.75c	30%
2017 Final dividend	3.50c	3.50c	30%
Interim Dividend Dates			
Ex-dividend date			12 March 2018
Record date			13 March 2018
Last date for DRP election			14 March 2018
Payment date			28 March 2018
Dividend Reinvestment Plan			
The Dividend Reinvestment Plan is in operation and the recommended fully franked interim dividend of 3.75 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
	31 Dec 2017	31 Dec 2016	
	\$	\$	
(Post Tax) Net tangible asset backing per share	1.32	1.27	
This report is based on the half-year financial report which has been subject to independent review by the auditors, Deloitte Touche Tohmatsu Australia. All the documents comprise the information required by the Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2017 Annual Financial Report.			

NAOS Emerging Opportunities Company Limited

ACN 161 106 510

Financial report for the half-year ended 31 December 2017.

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Directors' Report

The directors of NAOS Emerging Opportunities Company Limited ACN 161 106 510 ("the Company"), submit their half-year report for the Company for the half-year ended 31 December 2017.

Company Information

The Company is a listed investment company ("LIC") and its shares are listed on the Australian Stock Exchange (ASX:NCC). The Company has outsourced its investment management function to NAOS Asset Management Limited (ACN 107 624 126) (Australian Financial Services Licence No. 273529) (the "Investment Manager").

Principal Activities

The Company was constituted on 6 November 2012 to invest primarily in a concentrated portfolio of listed entities that are not included in the S&P/ASX 100 Accumulation Index with the objective of providing investors with genuine exposure to emerging companies, with a long term value focus. No change in this activity took place during the period or is likely in the future.

Directors and Officers

The names of the directors of the Company, in office from inception (6 November 2012) and up to the date of this report are:

Name	Title
David Rickards	Independent Chairman (appointed from 20 November 2012)
Warwick Evans	Director
Sebastian Evans	Director

Review of Operations

Results

The results of the operations of the Company are disclosed in the condensed Statement of Profit or Loss and Other Comprehensive Income of these condensed financial statements. The results and dividends for the half-year ended 31 December 2017 and 31 December 2016 were as follows:

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Profit before income tax expense	8,977,111	8,321,429
Income tax expense	(2,067,554)	(2,370,494)
Profit for the half-year attributable to shareholders	6,909,557	5,950,935

Dividends Paid or Payable

Half-year ended 31 December 2017

	Dividend (cents per share)	Total amount (\$)	% Franked	Date of Payment
2017 Final dividend (declared 24 August 2017)	3.50	2,071,071	100%	1 November 2017

Half-year ended 31 December 2016

	Dividend (cents per share)	Total amount (\$)	% Franked	Date of Payment
2016 Final dividend (declared 25 August 2016)	3.50	1,642,142	100%	11 November 2016

Net Tangible Assets

As at 31 December 2017 and 30 June 2017, the net tangible assets of the Company were:

	31 December 2017 \$	30 June 2017 \$
Net tangible assets	78,340,589	73,177,104
Pre-tax net tangible asset backing per share	1.40	1.31
Post-tax net tangible asset backing per share	1.32	1.24

Subsequent Events

Since the end of the half-year, the Directors have declared an interim fully franked dividend of 3.75 cents per share, to be paid on 28 March 2018. There has been no other matter or circumstance occurring subsequent to the end of the half-year 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 future financial years.

Rounding

The amounts contained in this report and in the financial statements have not been rounded to the nearest thousand dollars under the option available to the Company under ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

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 3.

This directors' report is signed in accordance with a resolution of directors of the Company made pursuant to Section 306 (3) of the Corporations Act 2001.



Sebastian Evans

Director

16 February 2018

The Board of Directors
NAOS Emerging Opportunities Company Limited
Level 34, MLC Centre
19 Martin Place
Sydney NSW 2000

16 February 2018

Dear Directors,

Naos Emerging Opportunities Company Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Naos Emerging Opportunities Company Limited.

As lead audit partner for the review of the condensed financial statements of Naos Emerging Opportunities Company Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon

David Salmon
Partner
Chartered Accountants

Independent Auditor's Review Report to the Shareholders of NAOS Emerging Opportunities Company Limited

We have reviewed the accompanying half-year financial report of NAOS Emerging Opportunities Company Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2017, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of NAOS Emerging Opportunities Company Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of NAOS Emerging Opportunities Company Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the NAOS Emerging Opportunities Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of NAOS Emerging Opportunities Company Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the NAOS Emerging Opportunities Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon.

David Salmon
Partner
Chartered Accountants
Canberra, 16 February 2018

Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2017

	Note	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Income	3	9,786,546	9,874,641
Expenses			
Management fees		(530,464)	(418,987)
Performance fees		-	(889,730)
Administration fees		(35,746)	(31,465)
Directors' fees		(24,953)	(24,953)
ASX Listing and CHESS fees		(41,592)	(13,095)
Share registry fees		(33,637)	(24,599)
Other expenses		(143,043)	(150,383)
Profit before income tax expense		8,977,111	8,321,429
Income tax expense		(2,067,554)	(2,370,494)
Profit for the half-year attributable to shareholders of the Company		6,909,557	5,950,935
Other comprehensive income		-	-
Total comprehensive income for the half-year attributable to shareholders of the Company		6,909,557	5,950,935
Basic and diluted earnings per share (cents per share)		11.66	12.66

The accompanying notes to the condensed financial statements should be read in conjunction with this statement.

Condensed Statement of Financial Position as at 31 December 2017

	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
Assets			
Cash and cash equivalents		673,611	202,637
Trade and other receivables		385,478	1,667,450
Financial assets at fair value through profit or loss	5	82,640,569	76,685,234
Deferred tax assets		83,440	206,109
Total assets		83,783,098	78,761,430
Liabilities			
Trade and other payables		270,594	858,428
Current tax liabilities		1,414,703	1,498,909
Deferred tax liabilities		3,757,212	3,226,989
Total liabilities		5,442,509	5,584,326
Net assets		78,340,589	73,177,104
Equity			
Issued capital	6	63,488,011	63,163,012
Accumulated losses	7	(1,364,761)	(1,364,761)
Reserves	7	16,217,339	11,378,853
Total equity		78,340,589	73,177,104

The accompanying notes to the condensed financial statements should be read in conjunction with this statement.

Condensed Statement of Changes in Equity for the half-year ended 31 December 2017

	Note	Issued capital	Accumulated Losses	Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2016		46,678,301	-	8,722,168	55,400,469
Profit for the half-year		-	5,950,935	-	5,950,935
Other comprehensive income for the half-year		-	-	-	-
Transfer to profits reserve		-	(5,950,935)	5,950,935	-
Dividends paid		-	-	(1,642,142)	(1,642,142)
Shares issued under dividend reinvestment plan		395,051	-	-	395,051
Balance at 31 December 2016	6	47,073,352	-	13,030,961	60,104,313
Balance at 1 July 2017		63,163,012	(1,364,761)	11,378,853	73,177,104
Profit for the half-year		-	6,909,557	-	6,909,557
Other comprehensive income for the half-year		-	-	-	-
Transfer to profits reserve		-	(6,909,557)	6,909,557	-
Dividends paid		-	-	(2,071,071)	(2,071,071)
Shares issued under dividend reinvestment plan		324,999	-	-	324,999
Balance at 31 December 2017	6	63,488,011	(1,364,761)	16,217,339	78,340,589

The accompanying notes to the condensed financial statements should be read in conjunction with this statement.

Condensed Statement of Cash Flows for the half-year ended 31 December 2017

	Half-year ended 31 December 2017	Half-year ended 31 December 2016
	\$	\$
Cash flows from operating activities		
Dividends received	631,968	419,089
Interest received	10,099	5,109
Management fees paid	(524,282)	(407,850)
Performance fee paid	(367,716)	(464,806)
Income tax paid	(492,066)	(240,318)
Administration and tax service fee paid	(46,509)	(37,736)
Custody fee paid	(4,975)	(29,114)
Audit fee paid	(30,953)	(29,465)
Share registry fee paid	(33,637)	(24,599)
Company Secreterial fee paid	(15,950)	(15,000)
Australian Stock Exchange fee paid	(41,592)	(20,941)
Other receipts	25,300	(3,591)
Other payments	(83,550)	(84,546)
Net cash used in operating activities	(973,863)	(933,768)
Cash flows from investing activities		
Payments for purchase of investments	(22,323,183)	(13,902,913)
Proceeds from sale of investments	25,496,701	16,662,866
Net cash provided by investing activities	3,173,518	2,759,953
Cash flows from financing activities		
Dividends paid	(1,728,681)	(1,229,458)
Net cash used in financing activities	(1,728,681)	(1,229,458)
Net increase in cash and cash equivalents	470,974	596,727
Cash and cash equivalents at the beginning of the half-year (including bank overdraft)	202,637	(490,255)
Cash and cash equivalents at the end of the half-year	673,611	106,472
Non cash activities - Dividend reinvestment	324,999	395,051

The accompanying notes to the condensed financial statements should be read in conjunction with this statement.

Notes to the Condensed Financial Statements

General Information

NAOS Emerging Opportunities Company Limited (the “Company”) is a public company listed on the Australian Securities Exchange (ASX:NCC) registered and domiciled in Australia. The Company was constituted on 6 November 2012 and commenced operations on 22 February 2013.

The registered office and principal place of business of the Company is Level 34, MLC Centre, 19 Martin Place, Sydney NSW 2000.

NAOS Asset Management Limited (the “Investment Manager”) is the investment manager for the Company. The condensed financial statements were authorised for issue by the Directors on 16 February 2018.

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed financial statements are set out below.

a) Basis of Preparation

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the “AASB”), and the Corporations Act 2001 in Australia. For the purposes of preparing financial statements, the Company is a for-profit entity.

This general purpose financial report has been prepared on an accruals basis using historical cost convention, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value.

The condensed Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets, net assets attributable to shareholders and deferred tax assets/liabilities. The amounts expected to be received or settled in relation to these balances cannot be readily determined.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Other than the items detailed in the accounting policies below there are no differences in actual and estimated results.

b) Statement of Compliance

The half-year report is a general purpose financial report in accordance with the Corporations Act 2001 and AASB 134 “*Interim Financial reporting*”. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards (“IFRS”) IAS 34 “*Interim Financial reporting*”. The half-year report does not include notes of the type normally included in an annual report and should be read in conjunction with the annual report.

c) Details of Reporting Half-year

The current reporting period is the half year ended 31 December 2017. For the condensed Statement of Profit or Loss and Other Comprehensive Income, condensed Statement of Changes in Equity and the condensed Statement of Cash Flow, the previous corresponding period is the half-year ended 31 December 2016. For the condensed Statement of Financial Position, the previous corresponding date is 30 June 2017.

Notes to the Condensed Financial Statements

1. Summary of Significant Accounting Policies (continued)

d) Comparative Amounts

Certain amounts included in the prior period comparatives have been reclassified to conform to the current period's presentation. The reclassification has not affected the recognition, measurement or valuation of the items in these financial statements.

e) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

f) Going Concern Basis

This financial report has been prepared on a going concern basis.

2. Adoption of New and Revised Accounting Standards

a) Standards and Interpretations adopted in the current period

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2017 that have had a material impact on the Company.

b) Standards and Interpretations in issue but not yet adopted

At the date of authorisation of the condensed financial statements, the Standards and Interpretations listed below were in issue but not yet effective, and are available for early adoption.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and the relevant amending standards	1 January 2018	30 June 2019

The potential effect of these standards on the Company's financial statements has not yet been determined. However, based on the Company's preliminary assessment, the above Standards and Interpretations are not expected to have a material impact on the amounts recognised in these financial statements. There are no other Standards and Interpretations that are not yet effective and that are expected to have a material impact on the Company during the current or future reporting periods.

3. Income

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Gains on financial assets held at fair value through profit or loss	9,144,479	9,544,873
Interest income	10,099	4,679
Dividend income	631,968	325,089
Total income	9,786,546	9,874,641

Notes to the Condensed Financial Statements

4. Dividend Paid or Payable

Half-year ended 31 December 2017

	Dividend (cents per share)	Total amount (\$)	% Franked	Date of Payment
2017 Final dividend (declared 24 August 2017)	3.50	2,071,071	100%	1 November 2017

Half-year ended 31 December 2016

	Dividend (cents per share)	Total amount (\$)	% Franked	Date of Payment
2016 Final dividend (declared 25 August 2016)	3.50	1,642,142	100%	11 November 2016

Since the end of the period, the Directors have declared an interim fully franked dividend of 3.75 cents per share, payable on 28 March 2018 (Interim dividend FY 2016: 3.5 cents per share).

5. Investments in Financial Instruments

(a) Financial Assets at Fair Value Through Profit or Loss

	As at 31 December 2017 \$	As at 30 June 2017 \$
Investment in listed equity securities	82,640,569	75,135,224
Investment in unlisted equity securities	-	1,550,010
Total financial assets at fair value through profit or loss	82,640,569	76,685,234

(b) Financial Liabilities at Fair Value Through Profit or Loss

There were no financial liabilities at fair value through profit or loss as at 31 December 2017 (30 June 2017: \$nil)

(c) Disclosed Fair Values

For all financial instruments their carrying value approximates fair value.

(d) Fair Value Hierarchy

AASB 7 ("Financial Instruments Disclosures") requires entities to provide disclosures in their financial report that enable users to evaluate the significance of financial instruments for the entity, and the nature and extent of risks arising from financial instruments to which the entity is exposed. Below is an analysis of the financial instruments of the Company.

Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

Notes to the Condensed Financial Statements

5. Investments in Financial Instruments (continued)

Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at each reporting date, recorded at fair value and presented by level of the fair value hierarchy:

Financial Assets at Fair Value through Profit or Loss

	31 December 2017			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Financial assets				
Investment in listed equity securities	82,640,569	-	-	82,640,569
Total financial assets designated at fair value through profit or loss	82,640,569	-	-	82,640,569

	30 June 2017			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Financial assets				
Investment in listed equity securities	75,135,224	-	-	75,135,224
Investment in unlisted equity securities	-	1,550,010	-	1,550,010
Total financial assets designated at fair value through profit or loss	75,135,224	1,550,010	-	76,685,234

Valuation of Convertible Notes as at 30 June 2017

All notes were converted resulting in a holding of 7,948,768 shares. Those shares were unlisted as at 30 June 2017. They were valued at their last trading price resulting in a valuation of \$1,550,010.

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

Financial Liabilities at Fair Value through Profit or Loss

There are no financial liabilities designated at fair value through profit or loss as at 31 December 2017 and 30 June 2017.

There were no transfers between levels 1, 2 and 3 during the half-year (2016: None). 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.

Notes to the Condensed Financial Statements

6. Issued Capital

	As at 31 December 2017		As at 30 June 2017	
	No. of shares	\$	No. of shares	\$
Issued and paid up capital - Ordinary shares	59,404,890	63,488,011	59,173,393	63,163,012

Movements in Ordinary Share Capital

Date	Details	No. of shares	Issue price \$	\$
1 July 2016	Opening balance	46,918,297		46,678,301
	Shares issued under Dividend Reinvestment Plan	513,307		716,825
	Shares issued under placement and Share Purchase Plan	11,741,789	1.360	15,969,047
	Share placement fees (net of tax)	-		(201,161)
30 June 2017	Closing balance	59,173,393		63,163,012
1 July 2017	Opening balance	59,173,393		63,163,012
	Shares issued under Dividend Reinvestment Plan	231,497	1.404	324,999
31 December 2017	Closing balance	59,404,890		63,488,011

7. Accumulated Losses and Reserves

a) Accumulated Losses

	Half-year ended 31 December 2017	Year Ended 30 June 2017
	\$	\$
Opening balance	(1,364,761)	-
Net profit attributable to shareholders of the Company	6,909,557	5,950,935
Net accumulated losses attributable to shareholders of the Company	-	(1,364,761)
Transfer to profit reserve	(6,909,557)	(5,950,935)
Balance at the end of the reporting period	(1,364,761)	(1,364,761)

The current period profits at the end of 31 December 2017 were transferred to profits reserve. This amount is preserved for future dividend payments.

b) Profits Reserve

	Half-year ended 31 December 2017	Year Ended 30 June 2017
	\$	\$
Opening balance	11,378,853	8,722,168
Dividends paid	(2,071,071)	(3,294,250)
Transfer of profits during the period	6,909,557	5,950,935
Balance at the end of the reporting period	16,217,339	11,378,853

Notes to the Condensed Financial Statements

8. Segment Information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the investment portfolio.

9. Commitments and Contingencies

There are no commitments or contingencies at 31 December 2017 (30 June 2017: \$ nil).

10. Key Management Personnel and Related Party Information

Remuneration arrangements of key management personnel are disclosed in the 2017 annual financial report.

	Half-year ended 31 December 2017	Half-year ended 31 December 2016
	\$	\$
Directors' remuneration	24,953	24,953

Management Fees

In return for the performance of its duties as investment manager of the Company, the Investment Manager is entitled to be paid a monthly management fee equal to 0.104% (excluding GST) of the gross value of the portfolio calculated on the first business day of each month representing an annualised management fee of 1.25% (excluding GST) per annum of the average gross value of the portfolio. At its discretion and subject to shareholder approval, the Investment Manager may elect to be paid in shares.

The following management fees were paid or payable to the Investment Manager during the half-year ended 31 December 2017:

- Management fees of \$530,464 (for the half-year ended 31 December 2016: \$418,987) (excluding GST and RITC*) were incurred during the half-year.
- Management fees payable at 31 December 2017 amounted to \$95,698 (30 June 2017: \$89,516) (including GST and RITC*).

Performance Fees

In the event that the portfolio outperforms the Benchmark Index [ASX Small Ordinaries Accumulation Index ('XSOAI')], the Company must pay the Investment Manager a performance fee equal to 15% (excluding GST) per annum of the amount the portfolio outperforms the Benchmark Index. No performance fee is payable if the portfolio underperforms the Benchmark Index. Any underperformance to the Benchmark Index is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee. At its discretion and subject to shareholder approval, the Investment Manager may elect to receive the performance fee in shares.

The following performance fees were paid or payable to the Investment Manager during the half-year ended 31 December 2017:

- Performance fees of \$nil (Half-year ended 31 December 2016: \$889,730) (excluding GST and RITC*) were incurred during the half-year.
- Performance fees payable at 31 December 2017 amounted to \$nil (30 June 2017: \$376,716) (including GST and RITC*).

*RITC – Reduced Input Tax Credit on GST of 75%.

Notes to the Condensed Financial Statements

11. Subsequent Events

Since the end of the half-year, the Directors have declared an interim fully franked dividend of 3.75 cents per share, to be paid on 28 March 2018. There has been no other matter or circumstance occurring subsequent to the end of the half-year 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 periods.

Directors' Declaration

In accordance with a resolution of the Directors of NAOS Emerging Opportunities Company Limited, we declare that:

In the opinion of the Directors:

- the condensed financial statements and notes are in accordance with the Corporations Act 2001 including compliance with Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company for the financial half-year ended 31 December 2017; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'J. Evans', is written over a faint, light blue rectangular stamp.

Sebastian Evans

Director

16 February 2018

Corporate Information

Directors

David Rickards (Independent Chairman)
Warwick Evans (Director)
Sebastian Evans (Director)

Company Secretary

Rajiv Sharma

Registered Office

Level 34, MLC Centre
19 Martin Place
Sydney NSW 2000

Investment Manager

NAOS Asset Management Limited
Level 34, MLC Centre
19 Martin Place
Sydney NSW 2000
(Australian Financial Services Licence Number: 273529)

Contact Details

T: (02) 9002 1576
F: (02) 8215 0037
E: enquiries@naos.com.au
W: www.naos.com.au

Share Registry

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: 1300 737 760
Facsimile: 1300 653 459

Auditor

Deloitte Touche Tohmatsu
Level 1, Grosvenor Place
225 George Street
Sydney NSW 2000