



**FUTURE GENERATION**  
INVESTMENT COMPANY

Future Generation Investment Company Limited  
ABN 97 063 935 553

**APPENDIX 4D**  
**HALF YEAR REPORT**  
for the half year ended 30 June 2018

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

All comparisons for the half year ended 30 June 2017 (unless specified for 31 December 2017)

	up/down	% mvmt	\$'000
Revenue from ordinary activities	up	26.1%	30,851
Profit from ordinary activities before tax	up	27.6%	28,424
Net profit from ordinary activities after tax	up	17.2%	20,975
Total comprehensive income for the period	up	70.9%	17,873

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2018 Interim dividend cents per share	2.3c	2.3c	30%
2017 Final dividend cents per share	2.2c	2.2c	30%

**Interim dividend dates**

Ex-dividend date	12 October 2018
Record date	15 October 2018
Last election date for the DRP	17 October 2018
Payment date	26 October 2018

**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 2.3 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 2.5% discount to the price, calculated as the VWAP (volume weighted average market price) of shares sold on the ASX (on an ex-dividend basis) 4 trading days from the ex-dividend date inclusive of the ex-dividend date.

	30 Jun 2018	31 Dec 2017
Net tangible asset backing (per share) after tax	\$1.24	\$1.21

This report is based on the Half Year Financial Report for the six months ended 30 June 2018 which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.



**FUTURE GENERATION**  
INVESTMENT COMPANY

# Financial Report

For the half year ended 30 June 2018

*Investing in Australia's future generation*

ABN: 97 063 935 553

# Future Generation Investment Company Limited

The Company's primary investment objectives are to provide shareholders with a growing stream of fully franked dividends, achieve long-term capital growth and preserve shareholder capital.

## Chairman

Jonathan Trollip

## Directors

Geoff Wilson AO  
David Leeton  
David Paradise AO  
Gabriel Radzyminski  
Kate Thorley  
Scott Malcolm

## Company Secretary

Mark Licciardo

## Investment Committee

Geoff Wilson AO (Chairman)  
Bruce Tomlinson  
David Smythe  
Gabriel Radzyminski  
Matthew Kidman

## Chief Executive Officer

Louise Walsh

## Auditor

Pitcher Partners

## Country of Incorporation

Australia

## Registered Office

Level 11, 139 Macquarie Street  
Sydney NSW 2000

## Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001

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**F:** (02) 9247 6855

**E:** [info@futuregeninvest.com.au](mailto:info@futuregeninvest.com.au)

**W:** [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au)

## Australian Securities Exchange

Future Generation Investment Company  
Ordinary Shares (FGX)

## Share Registrar

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

**T:** (02) 9290 9600

**F:** (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan (DRP) and Dividend Donation Plan (DDP)) and related matters, please contact the share registrar.

## Future Generation Semi-annual Shareholder Presentations

### Sydney

### Tuesday 20 November 2018

Presentation: 12.15pm – 1.15pm

The Westin Sydney

1 Martin Place

Sydney NSW 2000

To be streamed live on our website [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au).



### Canberra

### Monday 19 November 2018

12.15pm – 1.15pm

QT Hotel

1 London Circuit

Canberra ACT 2601

### Brisbane

### Thursday 22 November 2018

12.15pm – 1.15pm

Brisbane Convention & Exhibition Centre,

Cnr Merivale & Glenelg Streets

South Bank QLD 4101

### Hobart

### Friday 23 November 2018

12.15pm – 1.15pm

C3 Convention Centre

64 Anglesea Street

South Hobart TAS 7004

### Adelaide

### Monday 26 November 2018

12.15pm – 1.15pm

Adelaide Convention Centre

North Terrace

Adelaide SA 5000

### Perth

### Tuesday 27 November 2018

12.15pm – 1.15pm

Perth Convention & Exhibition Centre

21 Mounts Bay Road

Perth WA 6000

### Melbourne\*

### Thursday 29 November 2018

12.15pm – 1.15pm

Melbourne Convention & Exhibition Centre,

1 Convention Centre Place

South Wharf VIC 3006

\*The **Future Generation Investment Forum** will be held from 1.45pm – 3.15pm on Thursday 29 November in Melbourne.

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# Directors' Report to Shareholders

For the half year ended 30 June 2018

The Directors present their report together with the financial report of Future Generation Investment Company Limited (FGX or the Company) for the half year ended 30 June 2018.

## Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

- Jonathan Trollip, Chairman
- Geoff Wilson AO, Non-Executive Director
- David Leeton, Non-Executive Director
- David Paradice AO, Non-Executive Director
- Gabriel Radzynski, Non-Executive Director
- Kate Thorley, Non-Executive Director
- Scott Malcolm, Non-Executive Director

## Principal activity

The principal activity of the Company is to invest in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies while also contributing to Australian children and youth at risk charities.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of these fund managers, as well as the pro bono support of various service providers allows the Company to donate 1.0% of its average monthly net tangible assets each year to Australian charities with a focus on children and youth at risk.

There was no significant change in the nature of the activity of the Company during the period or is likely in the future.

## Operating and financial review

For the six month period ended 30 June 2018, the Company reported a record operating profit before tax of \$28.4 million (June 2017: \$22.3 million) and profit after tax of \$21.0 million (2017: \$17.9 million). During the period, the investment portfolio delivered solid performance, increasing 6.4% and outperforming the S&P/ASX All Ordinaries Accumulation Index by 2.4%. Since inception, the investment portfolio has increased 11.0% per annum, outperforming the Index by 3.4%. This investment portfolio performance has been delivered with significantly less volatility than the market, as measured by its standard deviation, 6.5% versus 11.1%.

The net result after tax and net unrealised gains on investments for the period was \$17.9 million, representing a 70.9% increase on the prior comparative period (June 2017: \$10.5 million), reflecting the investment portfolio performance, increased distributions received over the period and the growth in assets of the Company.

The Net Tangible Asset (NTA) before tax as at 30 June 2018 amounted to \$1.28 per share (December 2017: \$1.23). The NTA after tax was \$1.24 per share (December 2017: \$1.21).

During the period, the Company was provided with capacity and invested in Firetrail Absolute Return Fund and QVG Opportunities Fund. The Company fully redeemed its holding in the Discovery Australian Small Companies Fund in May 2018 and partially redeemed its holding in the Watermark Market Neutral Trust in June 2018.

At the date of this report, the investment portfolio is made up of 20 fund managers with investments in 23 funds.

The FGX investment portfolio has been structured to provide diversification between three broad equity strategies: long equities, absolute bias and market neutral, with the remainder held in cash. As at 30 June 2018, the portfolio was 56.1% long equities, 31.0% absolute bias, 11.2% market neutral and 1.7% cash.

The Company will pay its fourth annual donation in October 2018. The charitable investment of \$4.3 million will be made in Australian charities with a focus on children and youth at risk, bringing the total donation since inception to \$12.0 million.

# Directors' Report to Shareholders

For the half year ended 30 June 2018

## Fund managers and service providers

We would like to thank the fund managers and service providers for their outstanding generosity throughout the period. This generosity has allowed the Company to support its designated charities and other not for profit organisations. The value of the fund managers' foregone management and performance fees for the half year period ended 30 June 2018 totalled \$3.15 million (June 2017: \$2.92 million) and the estimated value of the leading service providers working for the Company on a pro bono basis totalled \$0.32 million (June 2017: \$0.33 million). Currently, we estimate the value of this pro bono support at approximately \$6.95 million per annum. At 1.6% of the assets of the Company, these savings to shareholders exceed the annual donation to charities.

## Corporate tax rate

On 19 May 2017, the Federal Government enacted laws reducing the corporate tax rate to 27.5% for companies with turnover below \$25 million in the income tax year ended 30 June 2018.

An amendment to limit the entities subject to the lower corporate tax rate was introduced by the Federal Government and passed on 23 August 2018, subsequent to the end of the period. The Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 amended the law to limit the lower corporate tax rate to base rate entities with no more than 80% passive income. With these measures being passed, the Company will no longer be eligible for the reduced corporate tax rate in future periods and will be taxed at the maximum corporate tax rate of 30% going forward. The maximum franking rate applicable for dividends in the 2019 income year is therefore 30%, in line with the corporate tax rate applicable to the Company.

## After balance sheet date events

Since the end of the period, the Company declared an interim dividend of 2.3 cents per share fully franked to be paid on 26 October 2018.

No other matter or circumstance has occurred subsequent to period 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 periods.

## Rounding of amounts

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 in relation to the review for the half year is set out on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



**Jonathan Trollip**  
Chairman

Dated in Sydney this 30<sup>th</sup> day of August 2018

**Auditor's Independence Declaration**  
**To the Directors of Future Generation Investment Company Limited**  
**A.B.N. 97 063 935 553**

In relation to the independent review for the half year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Future Generation Investment Company Limited during the period.



S M WHIDDETT  
Partner

PITCHER PARTNERS  
Sydney

30 August 2018

# Statement of Comprehensive Income

For the half year ended 30 June 2018

	Notes	June 2018 \$'000	June 2017 \$'000
<b>Investment income from ordinary activities</b>			
Distributions received		28,101	21,458
Investment management and performance fee rebates	2	2,656	2,410
Interest income		94	591
		<b>30,851</b>	<b>24,459</b>
<b>Expenses</b>			
ASX Listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Charity donation accrual	3	(2,164)	(1,992)
Share registry transaction costs		(44)	(44)
Executive remuneration		(55)	(66)
Other expenses		(134)	(56)
Audit fees		(13)	(12)
ASX CHESS fees		(13)	(11)
Amortisation expense		(2)	(2)
Tax fees		(2)	-
		<b>(2,427)</b>	<b>(2,183)</b>
<b>Profit before income tax</b>		<b>28,424</b>	<b>22,276</b>
Income tax expense		(7,449)	(4,375)
<b>Profit after income tax for the period attributable to members</b>		<b>20,975</b>	<b>17,901</b>
<b>Other comprehensive income</b>			
<i>Items that will not be classified to profit or loss</i>			
Net unrealised and realised losses on investments taken to equity, net of tax		(3,102)	(7,443)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(3,102)</b>	<b>(7,443)</b>
<b>Total comprehensive income for the period</b>		<b>17,873</b>	<b>10,458</b>
<b>Basic and diluted earnings per share</b>			
		<b>5.98 cents</b>	<b>5.13 cents</b>

The accompanying notes form part of these half year financial statements



# Statement of Financial Position

As at 30 June 2018

	Notes	June 2018 \$'000	December 2017 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,946	9,796
Trade and other receivables		23,900	4,048
Other current assets		9	22
<b>Total current assets</b>		<b>26,855</b>	<b>13,866</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	7	426,509	420,026
Intangible assets		4	6
Deferred tax assets		1,549	1,028
<b>Total non-current assets</b>		<b>428,062</b>	<b>421,060</b>
<b>Total assets</b>		<b>454,917</b>	<b>434,926</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		62	41
Charity donation accrual	3	4,264	2,100
Current tax liabilities		8,353	202
<b>Total current liabilities</b>		<b>12,679</b>	<b>2,343</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,246	8,650
<b>Total non-current liabilities</b>		<b>7,246</b>	<b>8,650</b>
<b>Total liabilities</b>		<b>19,925</b>	<b>10,993</b>
<b>Net assets</b>		<b>434,992</b>	<b>423,933</b>
<b>EQUITY</b>			
Issued capital	5(a)	384,351	383,451
Investment reserves	6(a)	17,527	20,629
Profits reserve	6(a)	36,895	23,634
Accumulated losses	6(b)	(3,781)	(3,781)
<b>Total equity</b>		<b>434,992</b>	<b>423,933</b>

The accompanying notes form part of these half year financial statements

# Statement of Changes in Equity

For the half year ended 30 June 2018

	Notes	Issued capital \$'000	Investment reserves \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 January 2017</b>		381,286	3,467	16,400	(3,781)	397,372
Net profit for the period		-	-	-	17,901	17,901
Other comprehensive loss, net of tax		-	(7,443)	-	-	(7,443)
<b>Transactions with owners:</b>						
Contributions of equity, net of transaction costs and tax		1,129	-	-	-	1,129
Dividends paid	4	-	-	(7,322)	-	(7,322)
Transfer to profits reserve		-	-	17,901	(17,901)	-
<b>Balance at 30 June 2017</b>		<b>382,415</b>	<b>(3,976)</b>	<b>26,979</b>	<b>(3,781)</b>	<b>401,637</b>
<b>Balance at 1 January 2018</b>		383,451	20,629	23,634	(3,781)	423,933
Net profit for the period		-	-	-	20,975	20,975
Other comprehensive loss, net of tax		-	(3,102)	-	-	(3,102)
<b>Transactions with owners:</b>						
Contributions of equity, net of transaction costs and tax		900	-	-	-	900
Dividends paid	4	-	-	(7,714)	-	(7,714)
Transfer to profits reserve	6(a)	-	-	20,975	(20,975)	-
<b>Balance at 30 June 2018</b>		<b>384,351</b>	<b>17,527</b>	<b>36,895</b>	<b>(3,781)</b>	<b>434,992</b>

The accompanying notes form part of these half year financial statements

# Statement of Cash Flows

For the half year ended 30 June 2018

	June 2018 \$'000	June 2017 \$'000
<b>Cash flows from operating activities</b>		
Interest received	112	760
Rebate income received	44	42
Income taxes paid	156	(22)
Distributions received	692	-
Payments for other expenses	(230)	(224)
<b>Net cash provided by operating activities</b>	<b>774</b>	<b>556</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of financial assets	19,189	-
Payments for financial assets	(20,000)	(44,000)
Payments for purchase of intangible assets	-	(6)
<b>Net cash used in investing activities</b>	<b>(811)</b>	<b>(44,006)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to the Company's shareholders, net of Dividend Reinvestment Plan (DRP)	(6,813)	(6,194)
<b>Net cash used in financing activities</b>	<b>(6,813)</b>	<b>(6,194)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,850)</b>	<b>(49,644)</b>
Cash and cash equivalents at the beginning of the period	9,796	72,907
<b>Cash and cash equivalents at the end of the period</b>	<b>2,946</b>	<b>23,263</b>
<b>Non-cash investing and financing activities</b>		
Distributions and rebates reinvested	10,160	9,486
Shares issued via DRP	900	1,129

The accompanying notes form part of these half year financial statements

# Notes to the Financial Statements

For the half year ended 30 June 2018

## 1. Summary of significant accounting policies

These interim financial statements and notes for the half year represent those of Future Generation Investment Company Limited (FGX or the Company).

The half year financial report was authorised for issue on 30 August 2018 by the Board of Directors.

### Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2018 are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The interim financial statements of FGX also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Financial Report for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except for cashflow information, the interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise stated.

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 31 December 2017 Annual Financial Report.

## 2. Investment income from ordinary activities

As at 30 June 2018, the investment portfolio was made up of 20 fund managers with investments in 23 unlisted unit trusts.

Where available, the Company has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Bennelong Long Short Equity Fund, LHC Capital Australia High Conviction Fund, ARCO Investment Management (Optimal Australia) Absolute Trust, Vinva Australian Equities Fund and L1 Capital Australian Equities Fund.

The aggregated amount of management and performance fees foregone by the unit trusts with a zero fee unit class for the six months ended 30 June 2018 was to \$0.49 million (June 2017: \$0.51 million).

The remaining investments are made in unit trusts with fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate amount of management and performance fees rebated to the Company was \$2.66 million for the six months ended 30 June 2018 (June 2017: \$2.41 million).

The estimated value of the other pro bono services provided to the Company for the six months ended 30 June 2018 totalled \$0.32 million (June 2017: \$0.33 million).

# Notes to the Financial Statements

For the half year ended 30 June 2018

## 3. Charity donation

In line with the Company's stated objectives, the Company will donate a percentage of its assets to Australian charities with a focus on children and youth at risk. The donation is accrued monthly and is equal to 1.0% of the Company's average monthly net tangible assets. All donations are made to charities with Deductible Gift Recipient ("DGR") status. The donation represents a tax deduction for the Company.

For the six months ended 30 June 2018, the amount recognised in the Statement of Comprehensive Income was \$2.2 million (June 2017: \$2.0 million).

As at 30 June 2018, the twelve month accrued commitment is \$4.3 million (June 2017: \$3.8 million). The Company will pay its fourth annual donation in October 2018. The charitable investment of \$4.3 million will be made in Australian charities focused on children and youth at risk, bringing the total donation since inception to \$12.0 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies on a pro-rata basis between the designated charities.

## 4. Dividends

### a) Ordinary dividends paid during the period

	June 2018 \$'000	June 2017 \$'000
2017 Final dividend: 22 cents per share fully franked at 30% paid 27 April 2018 (2016 Final dividend: 2.1 cents per share fully franked at 30% paid 21 April 2017)	7,714	7,322

### b) Dividends not recognised during the period

	June 2018 \$'000	June 2017 \$'000
Since the end of the half year, the Directors have declared an interim fully franked dividend of 2.3 cents per share payable on 26 October 2018 (Interim dividend FY2017: 2.2 cents per share fully franked)	8,081	7,694

## 5. Issued capital

### a) Paid-up capital

	June 2018 \$'000	December 2017 \$'000
351,351,497 ordinary shares fully paid (December 2017: 350,578,294)	384,351	383,451

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

# Notes to the Financial Statements

For the half year ended 30 June 2018

## 5. Issued capital (continued)

### b) Movements in ordinary share capital

	June 2018 \$'000	December 2017 \$'000
Balance at the beginning of the period	383,451	381,286
773,203 ordinary shares issued on 27 April 2018 under a Dividend Reinvestment Plan	900	-
1,008,628 ordinary shares issued on 21 April 2017 under a Dividend Reinvestment Plan	-	1,129
914,493 ordinary shares issued on 27 October 2017 under a Dividend Reinvestment Plan	-	1,036
<b>At reporting date</b>	<b>384,351</b>	<b>383,451</b>

## 6. Reserves and accumulated losses

### a) Reserves

	June 2018 \$'000	December 2017 \$'000
<b>Reserves</b>		
Investment portfolio revaluation reserve	15,673	19,218
Investment portfolio realised gains reserve	1,854	1,411
Profits reserve	36,895	23,634
<b>Total reserves</b>	<b>54,422</b>	<b>44,263</b>

The profits reserve is made up of amounts transferred from current period profits which are preserved for future dividend payments. The investment portfolio revaluation reserve is used to record increments and decrements on the revaluation of the equity investments at fair value through other comprehensive income, net of potential tax. The investment portfolio realised gains reserve record gains or losses arising from the disposal of equity investments at fair value through other comprehensive income, that are designated on capital account for taxation purposes respectively.

### Movements:

	June 2018 \$'000	December 2017 \$'000
<b>Investment portfolio revaluation reserve</b>		
Opening balance	19,218	3,470
Other comprehensive (loss)/income	(4,481)	24,713
Income tax on other comprehensive income	1,379	(7,551)
Transfer to investment portfolio realised gains reserve, net of tax	(443)	(1,414)
<b>At reporting date</b>	<b>15,673</b>	<b>19,218</b>

	June 2018 \$'000	December 2017 \$'000
<b>Investment portfolio realised gains reserve</b>		
Opening balance	1,411	(3)
Transfer from investment portfolio revaluation reserve, net of tax	443	1,414
<b>At reporting date</b>	<b>1,854</b>	<b>1,411</b>

# Notes to the Financial Statements

For the half year ended 30 June 2018

## 6. Reserves and accumulated losses (continued)

### Movements:

	June 2018 \$'000	December 2017 \$'000
<b>Profits reserve</b>		
Opening balance	23,634	16,400
Transfer from retained earnings	20,975	22,250
Final dividend paid (refer Note 4(a))	(7,714)	(7,322)
2017 Interim dividend paid	-	(7,694)
<b>At reporting date</b>	<b>36,895</b>	<b>23,634</b>

### b) Accumulated losses

Movements in accumulated losses were as follows:

	June 2018 \$'000	December 2017 \$'000
<b>Accumulated losses</b>		
Opening balance	(3,781)	(3,781)
Net profit for the period	20,975	22,250
Transfer to profits reserve	(20,975)	(22,250)
<b>At reporting date</b>	<b>(3,781)</b>	<b>(3,781)</b>

## 7. Fair value measurements

The Company measures and recognises financial assets at fair value through other comprehensive income on a recurring basis. The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

### Fair value hierarchy

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

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** 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); and

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Financial Statements

For the half year ended 30 June 2018

## 7. Fair value measurements (continued)

### i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2018 on a recurring basis:

At June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Unlisted unit trusts	-	426,509	-	426,509
<b>Total financial assets</b>	<b>-</b>	<b>426,509</b>	<b>-</b>	<b>426,509</b>

At December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Unlisted unit trusts	-	420,026	-	420,026
<b>Total financial assets</b>	<b>-</b>	<b>420,026</b>	<b>-</b>	<b>420,026</b>

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

### iii) Valuation techniques used to determine fair values

#### *Recurring fair value measurements*

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Board of Directors value the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net asset backing of the unlisted unit trusts at the end of the period. These unlisted unit trusts are subject to an annual audit.

## 8. Segment information

The Company is engaged in investing activities including cash, term deposits and investments in unlisted unit trusts. It has no reportable business or geographical segment.

## 9. Contingencies

There were no contingent liabilities for the Company at 30 June 2018 (December 2017: nil).



# Notes to the Financial Statements

For the half year ended 30 June 2018

## 10. Commitments

The Company will donate a percentage of its assets to Australian charities with a focus on children and youth at risk. The donation is accrued monthly and is equal to 1.0% of the Company's average monthly net tangible assets. As at 30 June 2018, the 12 month accrued commitment is \$4.3 million (December 2017: \$2.1 million).

The Company will pay its fourth annual donation in October 2018. The charitable investment of \$4.3 million will be made in Australian charities focused on children and youth at risk, bringing the total donation since inception to \$12.0 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies on a pro-rata basis between the designated charities.

## 11. Events occurring after the reporting period

Since the end of the period, the Board declared an interim dividend of 2.3 cents per share fully franked to be paid on 26 October 2018.

No other matters or circumstances have arisen since the end of the period which significantly affect 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.

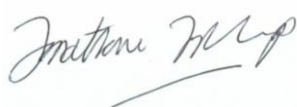
# Directors' Declaration

For the half year ended 30 June 2018

The Directors of Future Generation Investment Company Limited declare that:

- 1) The half year financial report, as set out in pages 4 to 13, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance for the half year ended on that date.
- 2) In the Directors' opinion 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 Board of Directors.



**Jonathan Trollip**  
Chairman

Dated in Sydney this 30<sup>th</sup> day of August 2018

**Independent Auditor's Review Report  
to the Members of Future Generation Investment Company Limited  
A.B.N. 97 063 935 553**

**Report on the Half Year Financial Report**

We have reviewed the accompanying half-year financial report of Future Generation Investment Company Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the Directors' Declaration.

**Directors' Responsibility for the Half Year Financial Report**

The Directors of the Company 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 gives a true and fair view and 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 the Company's financial position as at 30 June 2018 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 Future Generation Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the 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.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## 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 Future Generation Investment Company Limited is not 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 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



S M WHIDDETT  
Partner

30 August 2018



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