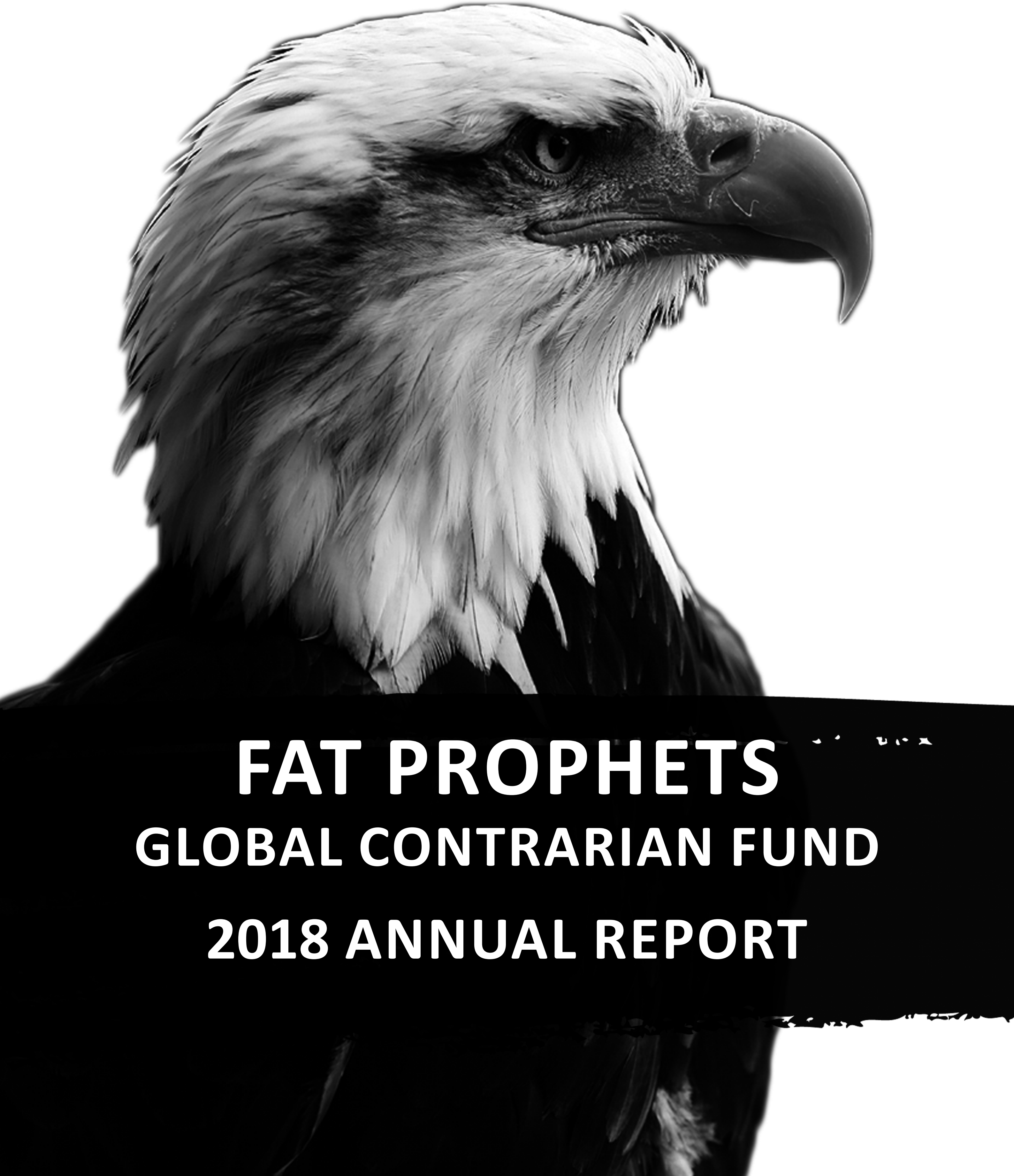
fatPROPHETS
GLOBAL CONTRARIAN FUND

ACN 615 414 849



FAT PROPHETS
GLOBAL CONTRARIAN FUND
2018 ANNUAL REPORT

CONTRARIAN *(NOUN)*

A contrarian is a person who deliberately behaves in a way that is different from the people around them.

INFLECTION *(NOUN)*

A time of significant change in a situation; a turning point.

CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of our board, I am very pleased to be able to provide you with our first full financial year Annual Report for the Fat Prophets Global Contrarian Fund Ltd (ASX: FPC). This report covers the period from 1st July 2017 till 30th June 2018. I look forward to meeting you at our Annual General Meeting and encourage you to read the Annual Report thoroughly.

Investment and portfolio performance

The Company was set up with the investment mandate to build and actively manage a portfolio around high conviction ideas and whilst the fiscal year 2017/18 was a challenging year, the board is very pleased with the adherence to these stated goals. Angus Geddes, our CEO has detailed the investment and portfolio performance in his letter "Investment strategy from the manager" to shareholders and I would also encourage you to read this thoroughly.

Capital Structure

With regards to the capital structure under the initial public offering, loyalty options were issued to applicants on the basis of one loyalty option for every one share issued. These loyalty options had a vesting date of 22nd March 2018 and an expiry date of the 22nd March 2019. As at 30 June 2018 44,315,217 options were unexercised.

Financial Results

For the period to June 30th, 2018, the Fund reported a pre-tax profit of $1.517 million and a net profit after income tax of $1.206 million

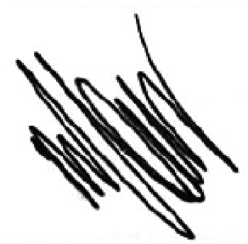
The FPC portfolio appreciated by 2.70 cents per share in the 2018 financial year.

An investor who invested $1.10 AUD in the Company on listing finished the first full financial year at a Pre-Tax NTA of $1.1228 (2017 $1.0884) and a Post-Tax NTA of $1.1170 (2017 $1.0917) plus the value of their loyalty option. As mentioned above these options vested on March 22nd, 2018.

Annual General Meeting

The Company's 2nd Annual General Meeting will be held in the Alkira Room at The Grace Hotel in Sydney at 11:00am on October 24th, 2018. Angus Geddes and senior portfolio managers will be on hand to provide a detailed look at the portfolio's first full financial year performance as well as give their insights into the year ahead for the portfolio.

My fellow directors and senior staff of the management company hope to meet many of you in person and look forward to an interactive discussion.



Michael Gallagher
Chairman

INVESTMENT STRATEGY FROM THE MANAGER

The first half of the year saw the Fund perform strongly, with large sector exposures to China, Hong Kong, India and Japan all doing well. The second half of the year however saw the Fund underperform due to an increase in risk aversion in January, and the significant underperformance of Asia and Europe versus the United States. This was largely due to a number of contributing factors, not least being the ongoing trade dispute between the US and China.

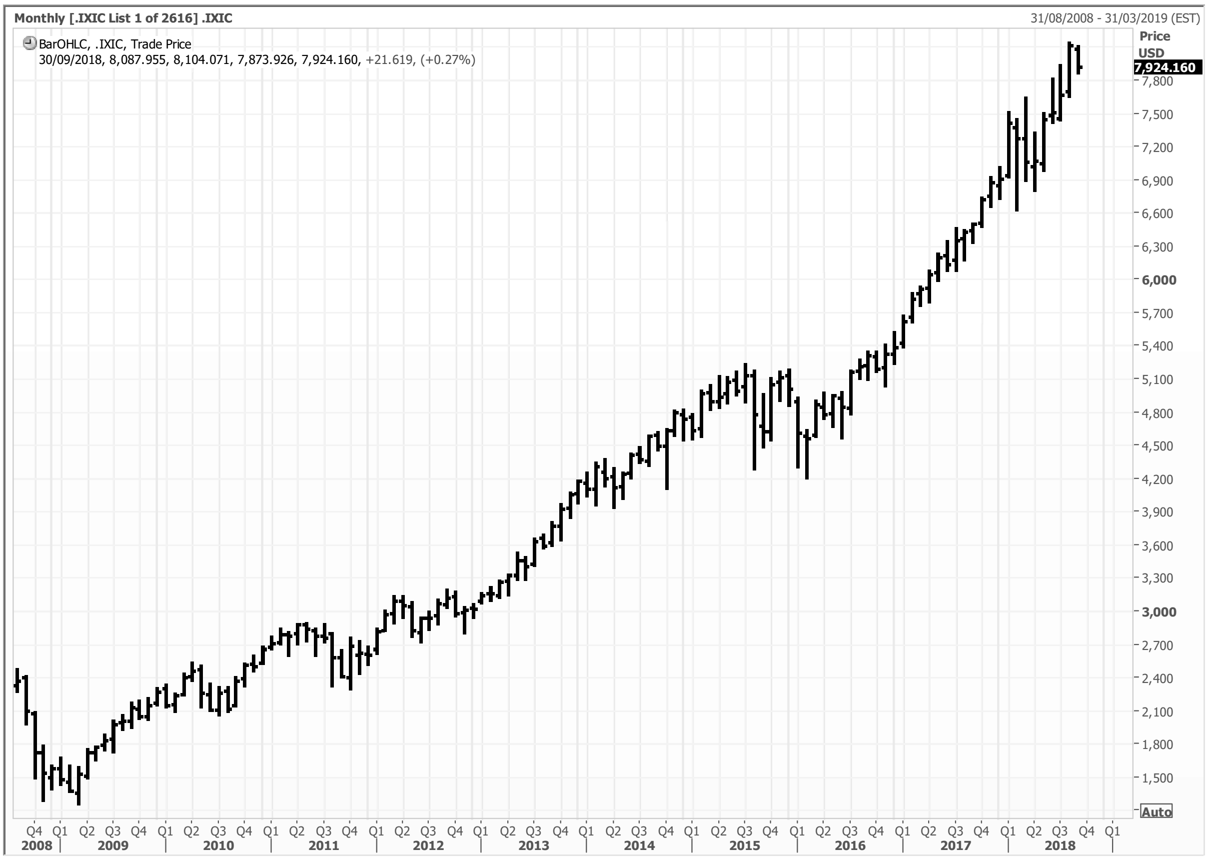
The Fund pivoted during the second half, with the investment portfolio being placed in a much more defensive position. Leverage within the fund was reduced significantly while larger positions were pared back. Subsequently to end of financial year, **the Fund has substantially increased cash holdings and the overall weighting to gold and the precious metals sector.**

The year proved to be a difficult one for contrarian investors such as the Fund, especially with the US markets, led by the super-cap tech sector, outperforming on the upside, and the super strong US dollar draining liquidity from emerging markets such as China and Hong Kong. As the US market continued to surge ahead, China's CSI300 has fallen around 20% so far in 2018 on fallout from the Trump Administration's trade tariffs. While we continue to hold conviction on Asia and Japan, **we reduced our overall exposure as well as cutting the Fund's weighting to the US and European markets.**

The super-cap tech sector in the US has delivered significant alpha this year for investors, however **we see this as being very much a "crowded trade" with nose bleed valuations priced almost beyond perfection**. For contrarian investors such as the Fund, this justifies a more cautious approach.

At some point markets will begin to question these extremely high valuations in certain sectors, and particularly, within the super-cap technology sector. After a bull market advance that has spanned a decade, the belief in the US super-cap techs is not going to wane easily, but then again "the believers" from here on in, are going to have to deal with valuations which have become stratospheric. Valuations today are even higher in some instances than what was seen during previous bubbles.

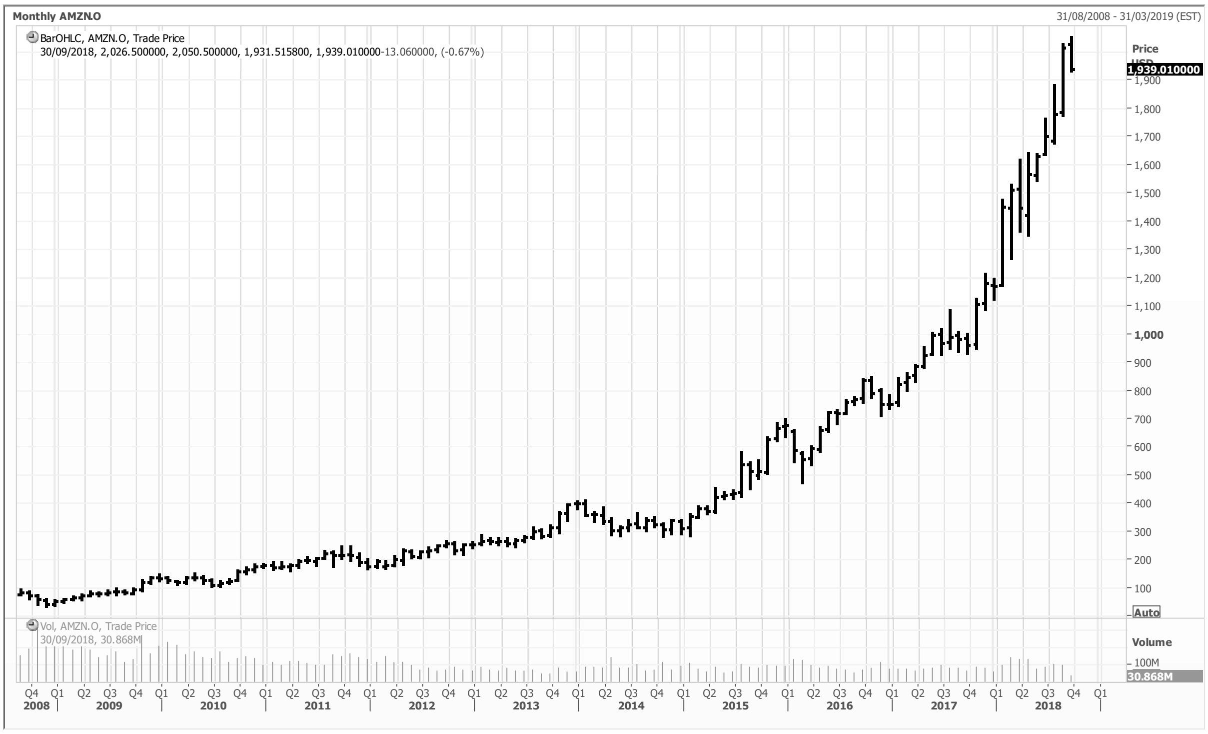
Nasdaq Composite



Even if the likes of Amazon and other FAANG companies were not to put a foot wrong, it is highly probable that the markets will awaken **to the fact that a company such as Amazon, is valued on a PE of 160X, which raises the bar** <u>to the point where it will be very difficult for market expectations to be met - and for future growth to be sustained at current rates.</u>

It is inevitable that the Nasdaq, and the super-cap tech sector in particular, will incur a significant adjustment at some point, and this could hold broader repercussions for the US market. Whilst nobody really knows the precise timing of a reality check in the space, the level of overvaluation probably means we are close to the top of the cycle. There is also a risk that **the US super-cap sector could experience a "melt-up scenario" triggered by a large short covering rally, before the onset of a serious correction.**

Amazon



We are not alone in adopting a cautious and defensive approach to present day markets, electing to build the Fund's weighting in cash and physical gold (via ETFs). FAANG stocks have accounted for nearly half of the Nasdaq Composite's rally in the past year. However, many hedge funds have since shorted the FAANG complex, which is now a "crowded trade". Short positions against the FAANG group of the largest US technology stocks have surged by more than 40% in the past year which is close to a record.

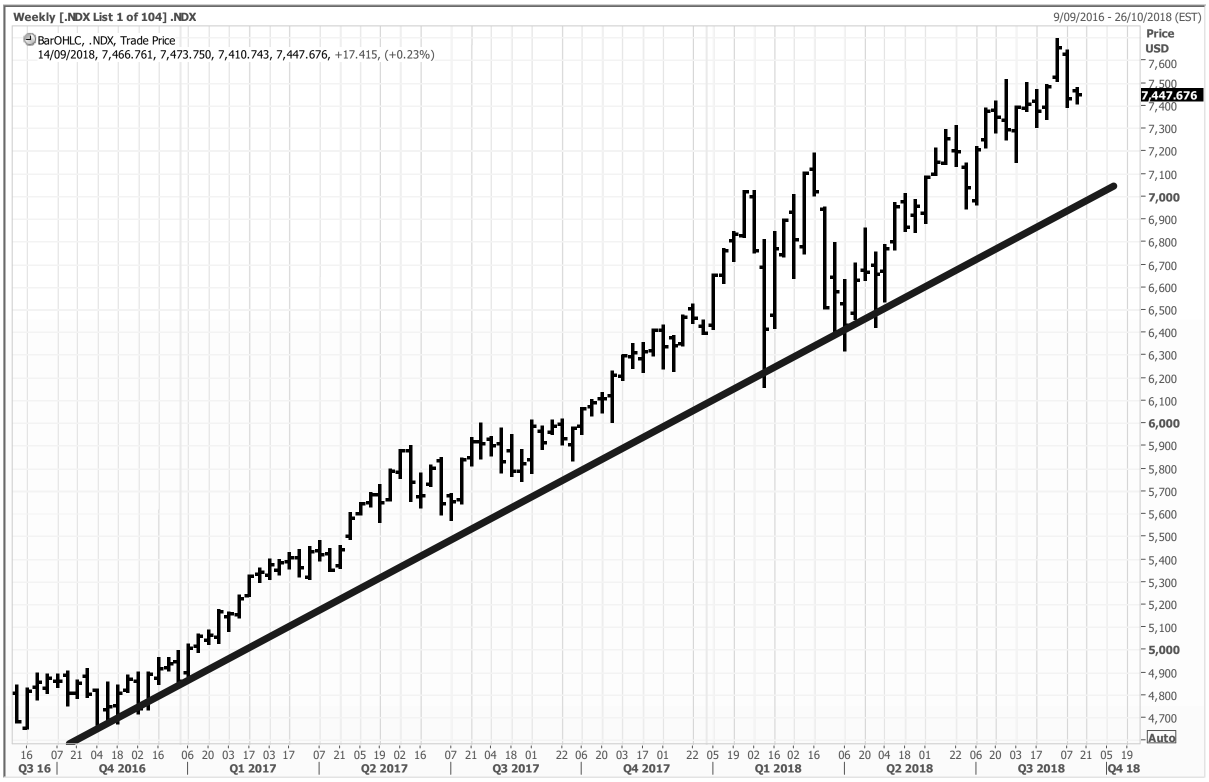
However, while playing the long side, an investor can potentially only ever lose 100%, for the "shorts" the "sky is the limit". In a short squeeze, losses can potentially be multiples of 100%. It is this polarizing dynamic that concerns us with the FAANG short positioning today. Some funds will be in a lot of pain if the Nasdaq rally renews on the upside forcing those shorts to capitulate. As John Maynard Keynes once said, "the market can stay irrational a lot longer than you can stay solvent".

The narrowness of leadership in the US market has raised the overall risk profile considerably for US investors. **Morgan Stanley joined this school of thought** recently, **citing growing concerns about the concentration of ownership within the technology sector.**

While valuation support mitigates some risk with the S&P500 priced on a prospective forward PE of around 17X for 2019, **this probably also reflects "top of the cycle growth" in the US.** We think this is as good as it gets for the US economy in terms of growth outlook, and **from here on in the downside risks for the US economy are going to compound for investors.**

The trade outlook in the US is beginning to weigh with an increasingly unpredictable Trump Administration set to bring in some further $200 billion tariffs on China and renewed threats to introduce another $267 billion in levies. **We believe US and global markets are in for more volatile times ahead** with the Nasdaq and super-cap tech stocks in particular, likely to revert towards historical mean valuations at some point.

The Nasdaq 100 has surged ahead this year, and valuations no longer make much sense…



…while the S&P500 has struggled to break through and move beyond the January highs. Valuations are more sensible for the broader US stock market, but leadership has narrowed in the market and has been confined to the super-cap tech sector.

Recently we increased our exposure to physical gold and precious metal producers. We see gold as being a principal beneficiary of coming weakness in US super-cap stocks and the broader stock market which could have contagion in other markets.

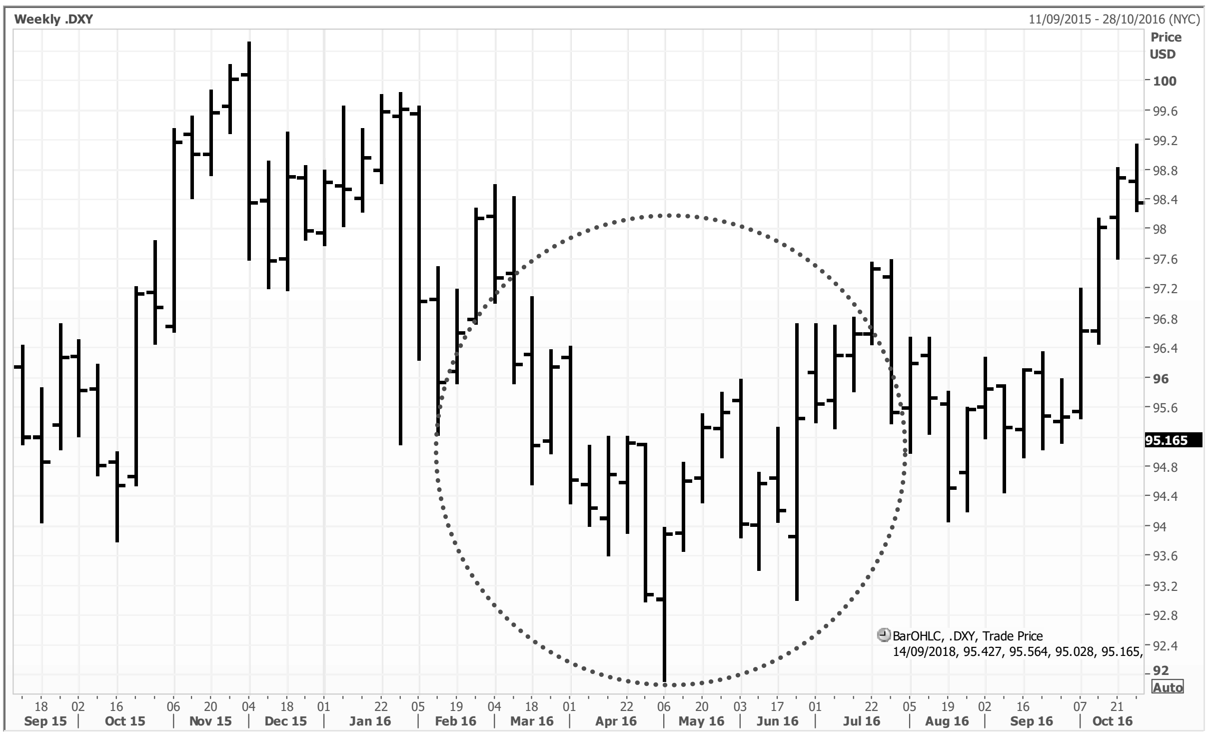
US dollar strength could also succumb to broader stock market weakness at some point. If the Dollar Index (DXY) is soon to run its course on the upside – and it is encountering some headwinds at 96 – then **Asian equities having** been sold down between 20% and 30% this year, **are arguably a more defensive place to be.**

The strong US dollar is draining liquidity from emerging markets, not to mention lowering the earnings outlook for multinational US companies on translation. As a result, emerging markets including China and Hong Kong have sharply adjusted downwards **with a significant amount of risk currently priced in for implemented and threatened tariffs.** China and Hong Kong markets **are now more compellingly valued at around 10X 2019 earnings, arguably offering a more attractive risk/reward profile.**

A key question in financial markets is just how much higher can the US dollar go. **Today the US dollar has become very overbought with significant long positions established amongst the hedge funds, and a corresponding large short position held by the commercial banks. This is often a precursor for a significant change in trend and it is notable that the commercials have recently been re-establishing long positions** in the dollar (and reducing shorts in gold).

This is similar to the scenario in December 2015 when the DXY was near record highs at 100 – which preceded a 10% decline. We believe the stage is set for a similar selloff in the greenback and a corresponding advance in precious metals over coming months.

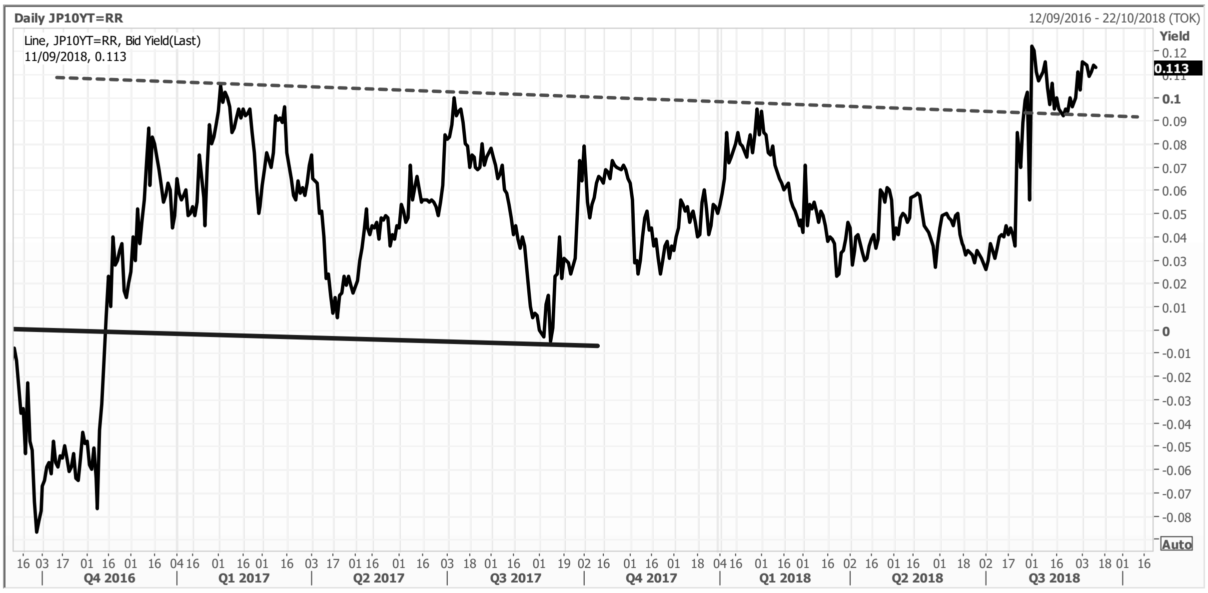
US Dollar Index – Sep 2015 to Oct 2016



We continue to view Japan favourably from a risk/reward profile, particularly as the country recovers from several decades of deflation.** Japanese manufacturing activity expanded in August at a slightly faster pace than the previous month as new orders accelerated. **The index remained above the 50 threshold that separates contraction from expansion for the 24th consecutive month.** The survey data indicated the upturn in demand was domestic led, which is encouraging and points to an ongoing support from the consumer in Japan's recovery.

The yield on 10 Year Japanese bonds has broken up decisively through 0.1% after the BOJ widened the ceiling on the trading range from 0.1% to 0.2%. As a result, yields on the 10 Year have consolidated above the breakout level and appear to be headed higher towards the top of the range. **While this is relatively a small increment, this will boost sentiment towards the depressed banking sector (the Fund holds an overweight position) and which is reliant on higher longer term rates to boost net interest margins.**

10 Year Japanese Government Bond yields



Upward pressure is also building in the US Bond market. **Federal Chair Jerome Powell said** recently that inflation is near their 2% objective, and **if the strong growth in income and jobs continues, further gradual increases in the target range for the federal funds rate will likely be appropriate.** <u>The strong wage growth and nonfarm payroll data out recently endorses our view that US rates are headed higher over the coming year.</u>

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
Appendix 4E Preliminary Final Report
For the year ended 30 June 2018

Details of Reporting Period

Current: Year ended 30 June 2018

Previous: For the period from 19 October 2016 to 30 June 2017

Results announcement to the market

	$	movement	% movement
Revenue from ordinary activities	4,645	up	471%
Profit from ordinary activities before tax attributable to members	1,571	up	608%
Profit from ordinary activities after tax attributable to members	1,206	up	704%

Dividends

No dividends were paid during the years ended 30 June 2018 and 30 June 2017.

Net tangible assets

	30 June 2018	30 June 2017
Net Tangible Assets (per share) backing before tax	1.1228	1.0884
Net Tangible Assets (per share) backing after tax	1.1170	1.0917

Dividend Reinvestment Plan (DRP)
N/A

Audit
This report is based on the financial report which has been audited. All the documents comprise the information required by Listing Rule 4.3A.

Annual General Meeting (AGM)

The AGM is to be held on 24 October 2018.

Signed on behalf of Fat Prophets Global Contrarian Fund Ltd

Michael Gallagher
Chairman

Sydney, NSW
23 August 2018

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD. | ACN 615 414 849 | LEVEL 3, 22 MARKET STREET, SYDNEY NSW 2000 AUSTRALIA | 1300 881 177 | ©2018
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FAT PROPHETS GLOBAL CONTRARIAN FUND LTD

ACN 615 414 849

Financial Report

For the Year Ended 30 June 2018

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD

FINANCIAL REPORT

For the Year Ended 30 June 2018

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FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
CORPORATE DIRECTORY

Directors:	Michael Gallagher Katrina Vanstone Angus Geddes
Company Secretary:	Brett Crowley
Investment Manager:	Fat Prophets Funds Management Pty Limited
Auditor:	PKF(NS) Audit & Assurance Limited Partnership Level 8, 1 O'Connell Street SYDNEY NSW 2000
Country of Incorporation:	Australia
Registered Office:	Level 3 22 Market Street SYDNEY NSW 2000
Share Registry:	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street ABBOTSFORD VIC 3067
ASX Code :	FPC
ACN:	615 414 849
Website:	www.fpcontrarian.com.au
Corporate Governance Statement:	http://fpcontrarian.com.au/wp-content/uploads/2017/08/Corporate-Governance-Statement.pdf

The directors present their report on Fat Prophets Global Contrarian Fund Limited ("the Company") for the year ended 30 June 2018.

Directors' Experience and Other Directorships

The following persons were directors of the Company during the whole of the financial year and up to the date of this report (unless otherwise stated):

Michael Gallagher (appointed 19 October 2016)
Chairman and Non-executive director
Director - Alternative Investment Management Association
Director - Spinnaker Investment Management

Mr Gallagher has over 26 years financial markets experience. In 2009 Michael co-founded Kima Capital, an Australian based funds management business, which he later moved to Hong Kong before it was acquired. Prior to Kima, Michael headed Australasian Equities for Rand Merchant Bank, overseeing the Equity Trading, Derivative and Equity Funds Management businesses from 2005-2009. In the 10 years prior to this Michael was a director at Macquarie Bank heading up the structured retail equity derivative businesses in Australia, South Africa and also spent time with Macquarie in the UK. Whilst at Macquarie, Michael also was seconded to start up and run Equity Derivative Businesses at Standard Bank & Nedbank in South Africa.

Katrina Vanstone (appointed 19 October 2016)
Non-executive director

Katrina has worked in financial markets for 30 years, both in Australia and offshore, including such leading organisations as HSBC and Deutsche Bank. Katrina has extensive experience in foreign exchange, interest rates and credit markets across asset and liability portfolios. She has held roles in trading, sales and syndication. She has extensive experience in the wholesale debt and derivative markets with strong product knowledge across capital structures and debt raisings, risk management and hedging, and cash and currency management. Katrina is a serving Director on the Board of the Eastern Suburbs District Rugby Union Football Club.

Angus Geddes (appointed 19 October 2016)
Executive director

Angus is the portfolio manager of the Manager with primary responsibility for the investment decisions and strategy of the Company. Angus is currently the CEO of Fat Prophets, overseeing the domestic and offshore businesses and taking an active involvement in the management of investment portfolios, as well as overseeing the publication of the daily newsletter. During his career, Angus has worked as a money market dealer in New Zealand, and a financial consultant in the United Kingdom and the United States. Moving to Australia in 1996, Angus worked for five years as a stockbroker at Bankers Trust and JB Were before co-founding Fat Prophets in June 2000.

Attendance at Meetings

Board of Directors Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Michael Gallagher	7	7
Katrina Vanstone	7	7
Angus Geddes	7	6

Audit Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Michael Gallagher	1	1
Katrina Vanstone	1	1

Directors' Interests in Shares and Options

The relevant interests of the directors and their related entities in the securities of the Company as at 30 June 2018 were:

Director	Number of Shares	Number of Options
Michael Gallagher	20,000	-
Katrina Vanstone	-	-
Angus Geddes	281,918	281,918
Angus Geddes <Fat Prophets A/c>	715,930	650,000

Principal Activities of the Company
The Company's principal activity is to invest predominantly in a concentrated portfolio of listed securities from global equity markets, with the objective of providing long-term capital growth.

Review of Operations
The performance of the Company, as represented by the results of its operations, was as follows:

	Year ended 30 June 2018 $'000	For the period 19 October 2016 to 30 June 2017 $'000
Profit before income tax	1,571	222
Income tax expense	(365)	(72)
Profit for the year attributable to shareholders	**1,206**	**150**

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

The invested position of the Company as at 30 June 2018 is held as to 133% (2017: 93%) in equity securities and -33% in cash and cash equivalents and interest bearing liabilities (2017: 7% in cash and cash equivalent assets and interest bearing liabilities). The invested position is recognised on the balance sheet in cash and cash equivalents, financial assets held at fair value through profit or loss, and interest bearing liabilities.

Dividends
No dividends will be made in respect of the year ending 30 June 2018.

Net Assets

As at 30 June 2018 the net assets of the Company were $50,268,000 (2017: $48,383,000). Please refer to the Statement of Financial Position for further details.

State of Affairs
During the financial year there were no significant changes in the state of affairs of the Company.

Events Subsequent to Balance Date
No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

Indemnification of Officers
The Company has indemnified directors and officers for any actions that may arise as a result of acting in their capacity as directors and officers of the Company in respect of:

a) Liability to third parties when acting in good faith; and
b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the policy preclude disclosure of the premium.

Environmental Regulations
The Company's operations are not subject to any significant environmental regulations.

Remuneration Report
This remuneration report sets out information about the remuneration of the Company's directors for the year ended 30 June 2018, under the requirements of Section 300A(1) of the *Corporations Act 2001.*

<u>Key management personnel</u>

The directors and other key management personnel of the Company during the whole of the financial year, and up to the date of this report are (unless otherwise indicated):

Michael Gallagher	Chairman
Katrina Vanstone	Director
Angus Geddes	Director and Chief Investment Officer
Simon Wheatey	Investment Portfolio Manager
Robert Dardano	Chief Financial Officer
Richard Fabricius	Compliance Officer

Remuneration Report (continued)

Directors' Remuneration

The Company has a Nomination and Corporate Governance Committee which reviews and advises the Board on the composition of the Board and its committees.

Directors' base fees are set out in the Constitution at a maximum of $125,000 combined per annum.

Directors' remuneration received or receivable for the year ended 30 June 2018 was:

Director	Directors' fees $	Superannuation $	Total $
Michael Gallagher	44,000	-	44,000
Katrina Vanstone	31,000	-	31,000
Angus Geddes	-	-	-
	75,000	**-**	**75,000**

Directors' remuneration received or receivable for the period ended 30 June 2017 was:

Director	Directors' fees $	Superannuation $	Total $
Michael Gallagher	10,233	-	10,233
Katrina Vanstone	7,674	-	7,674
Angus Geddes	-	-	-
	17,907	**-**	**17,907**

Proceedings on behalf of the Company
There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Non-Audit Services
Details of amount paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 9(b) to the financial statements. The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

Comparative information

The Fund was constituted on 19 October 2016 and commenced operations on 21 March 2017. The current reporting period is the year ended 30 June 2018. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the period from 21 March 2017 to 30 June 2017. For the Statement of Financial Position, the previous corresponding date is 30 June 2017.

Rounding of amounts

Amounts in the Directors' report have been rounded to the nearest thousand, or in certain cases to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191,* unless otherwise indicated.

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 5.

Signed at Sydney this 23 day of August 2018, in accordance with a resolution of the Board of Directors by:

Michael Gallagher
Chairman

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Fat Prophets Global Contrarian Fund Ltd

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

PKF

PKF
Chartered Accountants

STobutt

SCOTT TOBUTT
Partner

Sydney

Dated: 23 August 2018

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

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FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
ACN 615 414 849
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 $'000	For the period from 19 October 2016 to 30 June 2017 $'000
Investment income			
Interest		-	49
Dividends		1,441	227
Gains on investments held at fair value through profit or loss		6,421	131
(Losses)/gains on foreign exchange		(3,217)	407
Total revenue		**4,645**	**814**
Expenses			
Management fees	9 (a)	665	178
Performance fees	9 (a)	1,634	82
Directors' fees		75	18
ASX fees		47	112
Insurance		29	12
Audit fees	9 (b)	39	21
Transaction costs	12	274	136
Legal and tax advice		23	14
Share registry fees		31	6
Interest expense		197	-
Other operating expenses		60	13
Total expenses		**3,074**	**592**
Profit before income tax		**1,571**	**222**
Income tax expense	7 (a)	(365)	(72)
Profit after income tax		**1,206**	**150**
Other comprehensive income		-	-
Total comprehensive income attributable to shareholders		**1,206**	**150**
Basic earnings per share (cents)	10	**2.70**	**0.34**
Diluted earnings per share (cents)	10	**2.70**	**0.34**

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Financial Statements which follow.

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
ACN 615 414 849
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	As at 30 June 2018 $'000	30 June 2017 $'000
Assets			
Cash and cash equivalents	4	36,141	40,357
Receivables	5	290	108
Prepayments		37	31
Financial assets held at fair value through profit or loss	2(e)	67,201	45,017
Deferred tax assets	7(c)	1,615	282
TOTAL ASSETS		**105,284**	**85,795**
Liabilities			
Payables	6	157	181
Interest bearing liabilities	4	52,945	37,098
Financial liabilities held at fair value through profit or loss	2 (e)	77	-
Deferred tax liabilities	7 (c)	1,837	133
TOTAL LIABILITIES		**55,016**	**37,412**
NET ASSETS		**50,268**	**48,383**
SHAREHOLDERS' EQUITY			
Share capital	8	48,912	48,233
Retained profits		1,356	150
TOTAL SHAREHOLDERS' EQUITY		**50,268**	**48,383**

This Statement of Financial Position should be read in conjunction with the notes to the Financial Statements which follow.

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
ACN 615 414 849
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Share Capital $'000	Retained Profits $'000	Profits Reserve $'000	Total Equity $'000
Balance on the date of incorporation		**-**	**-**	**-**	**-**
Total comprehensive income for the period		-	150	-	150
Subtotal		**-**	**150**	**-**	**150**
Transactions with owners in their capacity as owners					
Shares issued	8	48,747	-	-	48,747
Costs of share issue net of deferred tax impact	8	(514)	-	-	(514)
Subtotal		**48,233**	**-**	**-**	**48,233**
Balance at 30 June 2017		**48,233**	**150**	**-**	**48,383**
Total comprehensive income for the year		-	1,206	-	1,206
Subtotal		**-**	**1,206**	**-**	**1,206**
Transactions with owners in their capacity as owners					
Shares issued	8	730	-	-	730
Costs of share issue net of deferred tax impact	8	(51)	-	-	(51)
Subtotal		**679**	**-**	**-**	**679**
Transfer to profit reserve		-	-	-	-
		-	**-**	**-**	**-**
Balance at 30 June 2018		**48,912**	**1,356**	**-**	**50,268**

This Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements which follow.

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
ACN 615 414 849
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 $'000	For the period from 19 October 2016 to 30 June 2017 $'000
Cash flows from operating activities			
Purchase of investments		(64,927)	(45,852)
Proceeds from sale of investments		49,239	964
Dividends received		1,222	202
Interest received		3	44
Realised FX gains/losses		(251)	(210)
Management fees paid		(663)	(127)
Performance fees paid		(1,715)	-
Interest paid		(171)	-
Other operating expenses		(518)	(392)
Net cash outflow from operating activities	11	**(17,781)**	**(45,371)**
Cash flows from financing activities			
Net proceeds from the issue of shares in relation to the IPO		-	47,798
Issue costs paid		(46)	-
Proceeds from the issue of shares associated with the exercise of options		730	215
Net cash inflow from financing activities		**684**	**48,013**
Effects of exchange rate changes on cash and cash equivalents		(2,966)	617
Net increase/(decrease) in cash and cash equivalents		**(20,063)**	**3,259**
Cash and cash equivalents at the beginning of the financial year		3,259	-
Cash and cash equivalents at the end of the financial year	4	**(16,804)**	**3,259**

This Statement of Cash Flows should be read in conjunction with the notes to the Financial Statements which follow.

1. General information and summary of significant accounting policies

Fat Prophets Global Contrarian Fund Limited ("the Company") is a listed investment company incorporated in Australia. The Company was incorporated on 19 October 2016. The registered office and principal place of business of the Company is Level 3, 22 Market Street, Sydney NSW 2000.

These general purpose financial statements are for the year ended 30 June 2018, and were authorised for issue by the directors on 23 August 2018.

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Replacement Prospectus. dated 16 January 2017. The Manager is Fat Prophets Funds Management Pty Ltd, ACN 615 545 537, an Authorised Representative of Fat Prophets Pty Ltd (AFSL 229183).

A summary of the material accounting policies adopted by the Company in the preparation of the financial statements is set out as below:

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. For the purposes of preparing financial statements, the Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on a going concern basis in accordance with the historical cost convention except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities.

The Company manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

(b) Financial instruments

(i) Classification

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

- Financial instruments held for trading

Derivative financial instruments such as futures and options are included under this classification. The Company does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and liabilities that are not held for trading purposes and which may be sold. These are investments in listed equity securities. The fair value through profit or loss classification is available for the majority of financial assets held by the Company and the financial liabilities arising from the units must be fair valued.

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

(ii) Recognition and derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date. Other financial assets and liabilities are recognised on the date they originated.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

1. General information and summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

- Financial instruments held at fair value through profit or loss

At initial recognition, the Company measures a financial asset at its fair value. 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 financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income in the period in which they arise.

- Loans and other receivables

Loans and receivables are measured initially at fair value plus transaction costs, which are subsequently amortised as per the effective interest rate method, less impairment losses, if applicable. Such assets are reviewed at each reporting date to determine whether there is any indication of impairment.

- Other financial assets and liabilities

Management considers that the carrying amount of cash and cash equivalents, other receivables and amounts due from, brokers approximate fair value.

(c) Investments

Fair value in an active market

The Company values listed investments at last quoted sale price. However, at balance date it assesses the difference between that price and the last bid/(ask) price for each long/(short) quoted investment, to determine whether another price within the bid/(ask) price spread is more representative of fair value.

Fair value in an inactive or unquoted market

The fair value of investments that are not traded in an active market are determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

(ii) Transactions and balances

Transactions during the period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains on investments.

Hedging may be undertaken in order to minimise possible adverse financial effects of movements in exchange rates. Hedging gains or losses are included as part of gains/(losses) on foreign exchange.

1. General information and summary of significant accounting policies (continued)

(e) Revenue/income recognition

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised through profit or loss as they accrue, as per the effective interest rate method of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity on an effective interest rate basis. Interest income is recognised on a gross basis, including any withholding tax, if applicable.

Dividend income relating to exchange traded equity is to be recognised through profit or loss on the ex-dividend date with any related foreign withholding tax recognised as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlement basis through profit or loss on the day distributions are announced.

(f) Expenses

All expenses, including performance fees and investment management fees, are recognised through profit or loss on an accruals basis.

(g) Dividend policy

The Company may pay dividends to Shareholders from earnings generated from its operating activities to the extent permitted by law and in accordance with prudent business practices. Such dividends will be franked to the extent that available imputation credits permit. It is anticipated the Company will not pay dividends for the first 18 months post listing and the board will then review the dividend policy with a preference to paying annual dividends.

(h) Income tax

Under current legislation, the Company is subject to income tax at 30% on taxable income. A capital gains tax concession may be available to investors where certain requirements are met.

The Company may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the corporate tax rate. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(i) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australia Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

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

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability in the Statement of Financial Position.

(k) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

1. General information and summary of significant accounting policies (continued)

(l) Payables

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Derivative financial instruments

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of gains/(losses) on investments.

(n) Amounts due/to from 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 period end. Trades are recorded on trade date, and normally settled within two business days. A provision for impairment of amounts due from brokers is established 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, and the probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

(o) Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(p) Share option reserve

The share option reserve includes the amount received on issue of options, net of option issue costs. This reserve is adjusted, with a corresponding entry to share capital, on exercise of options. At the expiration of the option period, the portion of the reserve relating to unexercised options is transferred to share capital.

(q) Earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding for the period from the date of listing to balance date.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the year.

(r) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company’s accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 1(c) to these financial statements.

(s) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting period and have not been early adopted by the Company. The directors’ assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective for financial periods beginning on or after 1 January 2018)

  AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The Standard is available for early adoption. The directors do not expect this Standard to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss, and will remain so under the new Standard.

1. General information and summary of significant accounting policies (continued)

(s) New standards and interpretations not yet adopted (continued)

- AASB 15 *Revenue from Contracts with Customers* (effective for financial periods beginning on or after 1 January 2018)

  AASB 15 will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 Construction Contracts which covers construction contracts. AASB 15 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 distributions 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.

- AASB 16 *Leases* (effective from 1 January 2019)

  The standard will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset. The income statement will also be affected because the total expense is typically higher in the earlier periods of a lease and lower in later periods. Additionally, operating expense will be replaced with the interest and depreciation, so key metrics like EBITDA will change. The accounting by lessors will not significantly change. The directors do not expect the adoption of AASB 16 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

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

(t) Rounding of amounts to the nearest thousand dollars

The Company is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollar, unless otherwise indicated.

(u) Comparative period

The Fund was constituted on 19 October 2016 and commenced operations on 21 March 2017. The current reporting period is the year ended 30 June 2018. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the period from 21 March 2017 to 30 June 2017. For the Statement of Financial Position, the previous corresponding date is 30 June 2017.

2. Financial risk management

(a) Objectives, strategies, policies and processes

The Company's Investment Strategy is to construct a leveraged portfolio made up of a concentrated number of positions across a range of asset classes using the most appropriate investment instrument. The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated across a small number of positions, the value of which will fluctuate on a daily basis and the Company is therefore considered to have a higher risk profile than cash assets.

The Company's activities are exposed to different types of financial risks. These risks include market risk (including currency risk, and price risk) and credit risk. The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks. The use of derivatives is an essential part of proper portfolio management and is not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset of the Company against a fluctuation in market values or foreign exchange rates or to reduce volatility;
- as a substitute for physical securities;
- adjusting asset exposures within the parameters set in the investment strategy;
- adjusting the duration or the weighted average maturity of fixed interest portfolios.

The use of short selling and derivatives may indirectly leverage the Portfolio on a gross basis.

(b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate. These fluctuations can be caused by market volatility, interest rates, economic cycles, political events and levels of economic growth, both global and domestic. The Company is materially exposed to two different types of market risks, namely foreign currency risk and price risk. Market risk exposures are assessed and minimised through employing established investment strategies.

The Company has a focused portfolio and, due to the concentrated nature of the Company's investments, considerable short term volatility may be experienced. The Company may also short specific securities that, in the opinion of the Investment Manager, are overvalued. All of the portfolio positions are subject to research and peer group review and if appropriate opportunities cannot be found the Company will hold cash until new opportunities arise.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

The Company holds assets denominated in currencies other than the Australian dollar (the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates.

The Company may enter into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceed one period and the level of hedging will depend on the Investment Manager's expectation of future currency exchange rate movements.

The terms and conditions of these contracts rarely exceed one period and the level of hedging will depend on the Investment Manager's expectation of future currency exchange rate movements.

As the nature of these contracts is to hedge the international investment activities of the Company, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities. The currency position of the Company is monitored on an ongoing basis by the Investment Manager.

The Company's portfolio in different currencies at balance date is summarised below:

	Australian Dollars A$'000	US Dollars A$'000	Euros A$'000	Japanese Yen A$'000	Hong Kong Dollars A$'000	Other Currencies A$'000	Total A$'000
2018							
Assets							
Cash and cash equivalents	36,082	42	-	-	-	17	36,141
Financial assets at fair value through profit or loss:							
Listed securities	12,090	11,290	2,809	28,309	12,343	360	67,201
Receivables	61	-	-	181	48	-	290
Prepayments	37	-	-	-	-	-	37
Current tax assets	-	-	-	-	-	-	-
Deferred tax assets	1,615	-	-	-	-	-	1,615
Total assets	**49,885**	**11,332**	**2,809**	**28,490**	**12,391**	**377**	**105,284**
Liabilities							
Interest bearing liabilities	-	10,311	3,416	29,286	8,877	1,055	52,945
Financial liabilities at fair value through profit or loss							
Futures	25	19	22	11	-	-	77
Payables	103	20	3	12	19	-	157
Deferred income tax liabilities	1,837	-	-	-	-	-	1,837
Total liabilities	**1,965**	**10,350**	**3,441**	**29,309**	**8,896**	**1,055**	**55,016**
Net assets	**47,920**	**982**	**(632)**	**(819)**	**3,495**	**(678)**	**50,268**
2017							
Assets							
Cash and cash equivalents	40,357	-	-	-	-	-	40,357
Financial assets at fair value through profit or loss:							
Listed securities	7,299	11,321	4,866	13,691	6,508	1,332	45,017
Receivables	111	9	(2)	(9)	-	(1)	108
Prepayments	31	-	-	-	-	-	31
Deferred tax assets	282	-	-	-	-	-	282
Total assets	**48,080**	**11,330**	**4,864**	**13,682**	**6,508**	**1,331**	**85,795**
Liabilities							
Interest bearing liabilities	-	11,452	4,829	13,241	6,069	1,507	37,098
Payables	181	-	-	-	-	-	181
Deferred income tax liabilities	133	-	-	-	-	-	133
Total liabilities	**314**	**11,452**	**4,829**	**13,241**	**6,069**	**1,507**	**37,412**
Net assets	**47,766**	**(122)**	**35**	**441**	**439**	**(176)**	**48,383**

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency sensitivity

A sensitivity of 10 per cent has been selected to account for the current level of exchange rate volatility observed in the market. As at reporting date, the Australian dollar to United States dollar (AUD/USD) exchange rate was 0.7389 (2017: 0.7671) and the Australian dollar to Hong Kong dollar (AUD/HKD) exchange rate was 5.7966 (2017: 5.9879). As the Hong Kong dollar is pegged to the US dollar, any movement in the US dollar is likely to result in a movement of a similar proportion in the Hong Kong dollar. As at reporting date, had the Australian dollar weakened/(strengthened) by 10% against the US dollar with all other variables held constant, assuming that the Hong Kong dollar follows the US dollar, the net assets attributable to shareholders would have been $891,518 higher/($1,090,155) lower (2017: $283,157 higher/($346,154) lower).

(ii) Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate, whether those changes are specifically related to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is primarily exposed to price risk for its investments in listed securities. The price risk of securities is dependent upon the financial circumstances of the companies in which the securities are purchased, including their profits, earnings and cash flows. The return on a security's investment may also be affected by the quality of company management, the general health of the sector in which it operates and government policy.

In cases where financial instruments are denominated in currencies other than the Australian dollar, future prices will also fluctuate because of changes in foreign exchange rates. Refer to Note 2(b)(i) for the management of foreign currency risk. Some securities present a risk of loss of capital and, except where equities are sold short, the maximum exposure resulting from financial instruments is determined by the fair value of those instruments. Potential losses from equities sold short can be unlimited.

The Investment Manager's security selection process is fundamental to the management of price risk. When considering taking a position, whether long or short, the price at which it is established is a critical element within the overall process and includes the use of technical, peer group and market analysis together with adequate diversification to reduce the impact of a negative return on any one position.

The Company's overall market positions are monitored on an ongoing basis by the Investment Manager.

The Company's net equity exposure as at 30 June 2018 is set out below:

	As at	
	30 June 2018	**30 June 2017**
Industry Groups		
Consumer services	15%	25%
Materials	13%	9%
Software and services	13%	14%
Banks	11%	16%
Energy	8%	6%
Media	7%	6%
Consumer Durables	6%	0%
Diversified Financials	6%	15%
Real Estate	6%	0%
Capital Goods	5%	4%
Communications	3%	0%
Insurance	3%	5%
Technology	2%	0%
Commercial and Professional Services	2%	0%
Total	100%	100%

Price sensitivity

The directors of the Company believe that it is difficult to accurately estimate future returns. Equity market returns can be volatile and returns from period to period often have a wide variance. As such, the Company uses a long term performance average, rather than a short term performance number, when estimating sensitivity to price risk. The longer return average takes into consideration the full market cycle, whereas an estimate based solely on last period's performance is likely to be misleading when the market cycle shifts.

As at reporting date, if the listed security prices in the portfolio had increased/(decreased) by 1% with all other variables being constant, this would have increased/(decreased) the net assets attributable to shareholders by approximately +/(-) $672,010. (2017: $450,017). The impact of price movements in currency contracts is unlikely to have a significant impact on the Company.

2. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations (i.e. default in either whole or part) under a contract causing the Company to make a financial loss.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The Investment Manager minimises the Company's concentrations of credit risk by adopting a number of procedures, including the following:

- Undertaking transactions with a large number of counterparties on recognised and reputable exchanges;
- Ensuring that these counterparties together with the respective credit limits are approved.

The contractual credit risk of assets is represented by the net payments or receipts that remain outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The Company does not hold any collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired as at balance date.

The Company has appointed Deutsche Bank as Prime Broker to the Company. Deutsche Bank is subject to regulatory oversight and capital requirements imposed by the Australian Securities and Investments Commission. As at the date of this report, Deustche Bank has a credit rating of A+ (S&P) for long term and a rating of A-1 for short term debt.

The terms of the Prime Broker Agreement provide that the Fat Prophets Global Contrarian Fund utilise custodial assets for its own lending and financing purposes (including to borrow, lend, charge, re-hypothecate, and dispose of) up to, but not exceeding, 180% of the value of the Company's outstanding liabilities with Deutsche Bank. These assets are owned by Deutsche Bank in its Prime Broker capacity. Under the terms of the Prime Broker Agreement, Deutsche Bank is obliged to return to the Company the equivalent custodial assets irrespective of what transpires between it and any third party with whom the Fat Prophets Global Contrarian Fund has transacted.

Cash holdings with Deutsche Bank are not subject to this arrangement and are always considered to be held by Deutsche Bank in its Prime Broker capacity.

As at balance date, the maximum value of the Company's gross assets available to the Fat Prophets Global Contrarian Fund for its lending and financing activities is $103.3million. Under the Prime Broker arrangements in place, the amount does not require disclosure by the Fat Prophets Global Contrarian Fund. The maximum net exposure to the Prime Broking activities of Deutsche Bank, after offsetting the Company's outstanding liabilities with $53.02million approximates $50.32million as at balance date. The credit position of the Company is monitored on an ongoing basis by the Investment Manager.

The credit position of the Company is monitored on an ongoing basis by the Investment Manager.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Accordingly, the entity is not considered to be exposed to material liquidity risks in relation to its financial instruments.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise trade and other payables which have no contractual maturities but are typically settled within 30 days.

(e) Fair value measurements

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss 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.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

2. Financial risk management (continued)

(e) Fair value measurements (continued)

(ii) Recognised fair value measurements

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 30 June 2018:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2018				
Financial assets at fair value through profit or loss:				
Listed securities	67,201	-	-	67,201
	67,201	**-**	**-**	**67,201**
Financial liabilities at fair value through profit or loss:				
Futures	77	-	-	77
	77	**-**	**-**	**77**
At 30 June 2017				
Financial assets at fair value through profit or loss:				
Listed securities	45,017	-	-	45,017
	45,017	**-**	**-**	**45,017**

3 Segment information

Identification of reportable operating segments

The Company is organised into one main operating segment with the key function of the investment of funds internationally. AASB 8: *Operating Segments* requires disclosure of revenue by investment type and geographical location, which is outlined below:

	Year ended 30 June 2018 $'000	For the period 19 October 2016 to 30 June 2017 $'000
(a) Investment Income by investment type		
Equity securities - dividends	1,441	227
Total	**1,441**	**227**
(b) Investment Income by geographical area		
Oceania	357	-
Europe - Euro	136	49
Europe - Other	4	3
Hong Kong	345	131
Asia ex Hong Kong	556	19
North America	43	25
Total	**1,441**	**227**

4. Cash and cash equivalents and interest bearing liabilities

	As at 30 June 2018 $'000	As at 30 June 2017 $'000
Cash and cash equivalents		
Cash at bank (custodian) - AUD	36,082	40,357
Cash at bank (custodian) - USD	42	-
Cash at bank (custodian) - other currencies	17	-
	36,141	40,357
Interest bearing liabilities		
Overdraft at custodian	(52,945)	(37,098)
	(16,804)	**3,259**

Overdraft at Custodian is a cash facility offered by the Custodian.

5. Receivables

	As at 30 June 2018 $'000	As at 30 June 2017 $'000
Interest receivable	30	5
Dividends receivable	246	25
GST receivable	14	78
	290	**108**

6. Payables

	As at 30 June 2018 $'000	As at 30 June 2017 $'000
Management fees payable	53	51
Audit fee payable	20	27
Performance fees payable	-	81
Recoverable fees payable	30	22
Interest payable	54	-
	157	**181**

7. Income tax

(a) Income tax expense

The aggregate amount of income tax attributable to the financial year differs from the amount of income tax that would be payable by the Company if its taxable income for the year were equal to the amount of the profit before income tax. The difference between these amounts is explained as follows:

	2018 $'000	2017 $'000
Profit for the year before income tax expense	1,571	222
Prima facie income tax expense calculated at 27.5%	432	68
Tax impact of imputation credits and foreign tax credits	65	4
Foreign tax credits denied	(126)	-
Over provision in respect of prior years	(6)	-
Income tax expense	**365**	**72**
Income tax expense comprised of:		
Current tax liability	-	-
Deferred tax liability	365	72

(b) Tax effects of items credited to equity

Amounts credited to equity in relation to the income tax effect of amounts recognised in equity:

	2018 $'000	2017 $'000
Share capital	-	-
Initial public offering listing fee	214	220
	214	**220**

(c) Deferred tax

	2018 $'000	2017 $'000
Deferred tax asset on current year taxable loss	540	282
Deferred tax asset on costs associated with the IPO	131	184
Deferred tax liability on unrealised investment gain	(1,759)	(115)
Deferred tax liability on unrealised foreign exchange gain	932	(185)
Deferred tax liability on dividends	(68)	(7)
Deferred tax asset on interest	7	(10)
Deferred tax asset on accruals	5	-
Deferred tax liability on prepayments	(10)	-
Total deferred tax asset/(liability)	(222)	149

8. Share capital and share option reserve

Shares

There is a single class of ordinary shares on issue. For all shares issued in accordance with the Prospectus dated 16 January 2017 an option was also issued. The amount paid by each shareholder was allocated between the share and the option based on relative market prices on the first day of trading. Costs of fundraising were allocated between shares and options on the same basis.

Each Share confers on its holder equal voting rights and to share equally in dividends and any surplus on winding up.

Subject to the *Corporations Act 2001* and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

8. Share capital and share option reserve (continued)

Movements in share capital during the period are set out below:

	As at 30 June 2018 Shares	As at 30 June 2018 $'000	As at 30 June 2017 Shares	As at 30 June 2017 $'000
Ordinary shares - fully paid, net of IPO costs, net of tax	44,949,267	48,912	44,315,377	48,233

Movement in ordinary share capital

	Year ended 30 June 2018 Shares	Year ended 30 June 2018 $'000	For the period from 19 October 2016 to 30 June 2017 Shares	For the period from 19 October 2016 to 30 June 2017 $'000
Opening balance	44,315,377	48,233	-	-
Balance on incorporation date	-	-	100	-
Shares issued under the IPO	-	-	44,315,277	48,747
Ordinary shares issued	633,890	730	-	-
Cost of issued capital, net of tax	-	(51)	-	-
Sub-total	44,949,267	48,912	44,315,377	48,747
Less costs of shares issued in relation to the IPO, net of tax (see breakdown below)	-	-	-	(514)
	44,949,267	48,912	44,315,377	48,233

Costs of shares issued in relation to the IPO, net of tax, transferred to equity

At 30 June 2018, the Company incurred the following fees in relation to the IPO that were transferred to equity:

	As at 30 June 2018 $'000	As at 30 June 2017 $'000
Listing Cost	780	734
Sub-total	780	734
Less current and future period tax deductions	(214)	(220)
Total costs of shares	566	514

Substantial share holders

The top twenty shareholders as at 30 June 2018 were:

Shareholder	As at 30 June 2018 Unitholding	As at 30 June 2017 Unitholding
Mr David Allen Parker & Mrs Helen Thirza Jane Parker <Parker Super Fund A/c>	1,000,000	1,000,000
Citicorp Nominees Pty Ltd <DPSL A/c>	886,232	525,454
Fat Prophets Pty Ltd	715,930	650,000
Miei Ragazzi Pty Ltd <Uguccioni S/F A/c>	450,000	450,000
Y B & S Investments Pty Ltd <Prose Unit A/c>	433,990	-
J P Morgan Nominees Australia Limited	384,400	381,900
Danielle Gibson	363,600	363,600
Mr Eugene James Uguccioni	300,000	300,000
Ravenshaw Pty Ltd <Brodie Family Super A/c>	275,000	
M&L McCauley Investments Pty Ltd	260,000	182,000
Lindsay Investments Pty Ltd	250,000	250,000
Claydon Super Pty Ltd <Claydon Super Fund A/c>	227,000	227,000
Bernard Jackson Super Co Pty Ltd < B Jackson Super Co A/c>	200,000	300,000
Dillmar Pty Ltd <Petmar Family Pen Plan A/c>	200,000	200,000
H&S Stenning Pty Ltd <Stenning Family SF A/c>	200,000	-
Mrs Margaret Helen Howard & Mr William John Howard <WJ & MH Howard SF A/c>	200,000	200,000
Inmont Pty Ltd <Nicholas Galante A/c>	200,000	-
Mr Gerald Maurice Sachse & Mr Peter Brian Sachse <Gerald Super Fund A/c>	200,000	200,000
Rational Research Pty Ltd < Rational Research S/F A/c>	195,000	-
David & Anita Catalini <Catalini Family A/c>	182,000	182,000

Options

Under the Offer outlined in the Replacement Prospectus dated 16 January 2017, the Company offered one option for every one Share subscribed for, exercisable on any business date after granting of the options on 17 March 2018.

8. Share capital and share option reserve (continued)

Options (continued)

The terms and conditions of the options were as follows:

- An option may be transferred or transmitted in any manner approved by ASX;
- An option may be exercised by the registered holder of the option, and a share in the Company issued, with payment to the Company of $1.10 per option being exercised;
- An option may be exercised on any business day from the date of grant provided the option holder buys back in by 17 March 2019.

Movement in options that are still outstanding was as follows:

	Year ended 30 June 2018		For the period from 19 October 2016 to 30 June 2017	
Details	**Options**	**$'000**	**Options**	**$'000**
Opening balance	44,315,277	-	-	-
Options issued under the IPO	-	-	44,315,277	-
Options on issue at end of the year	**44,315,277**	**-**	**44,315,277**	**-**

Capital Management
The Company's objectives for managing capital are to invest the capital in investments meeting the description, risk exposure and expected return as indicated in the Company's Replacement Prospectus dated 16 January 2017.

Substantial option holders

	As at	
The top twenty option holders as at 30 June 2018 were:	**30 June 2018 Unitholding**	**30 June 2017 Unitholding**
Mr David Allen Parker & Mrs Helen Thirza Jane Parker <Parker Super Fund A/c>	1,000,000	1,000,000
Fat Prophets Pty Ltd	650,000	650,000
Citicorp Nominees Pty Ltd <DPSL A/c>	520,454	520,454
Mr Eugene Uguccioni & Mr Grant Crooks <Uguccioni S/F A/c>	450,000	450,000
Danielle Gibson	363,600	363,600
Douglas Bruce MacDonald	360,000	360,000
Pershing Australia Nominees Pty Ltd <Accum A/c>	318,218	318,218
Bernard Jackson Super Co Pty Ltd < B Jackson Super Co A/c>	300,000	300,000
Mr Eugene James Uguccioni	300,000	300,000
Lindsay Investments Pty Ltd	250,000	250,000
Claydon Super Pty Ltd <Claydon Super Fund A/c>	227,000	227,000
Bex Investments Limited	200,000	200,000
Mr Gerald Maurice Sachse & Mr Peter Brian Sachse <Gerald Super Fund A/c>	200,000	200,000
Mrs Margaret Helen Howard & Mr William John Howard <WJ & MH Howard S/F A/c>	200,000	200,000
KME & CHTK Fong Pty Ltd <KME and CHTK Fong S/F A/c>	187,800	187,800
David & Anita Catalini <Catalini Family A/c>	182,000	182,000
M&L McCauley Investments Pty Ltd	182,000	182,000
Davies Family Superannuation <Davies Family S/F A/c>	181,900	181,900
Mr Abraham Lester & Mrs Dorothy Lester <A and D Lester S/F A/c>	181,800	181,800
Narecol Pty Ltd <Super Fund A/c>	180,000	180,000

9. Expenses

(a) Fees paid to the Investment Manager
The Company has appointed Fat Prophets Funds Management Pty Limited as the Investment Manager. A summary of the fees (GST exclusive) charged by the Investment Manager is set out below.

(i) *Management fee*
The Investment Manager is entitled to be paid a management fee equal to 1.25% p.a. of the Portfolio Net Asset Value. The management fee is calculated and accrued on the last day of each month and paid within 20 days of the end of the month.

(ii) *Performance fee*
At the end of each quarter, the Investment Manager is entitled to receive a performance fee of 20% (plus GST) of the difference between the Net Portfolio Value at the end of the relevant period and highest Net Portfolio Value of any preceding period.

9. Expenses (continued)

(a) Fees paid to the Investment Manager (continued)

(ii) *Performance fee (continued)*
The formula for the Performance Fee is outlined below:

PF = 0.20 x (CNPV - PNPV + D – NC)
Where:
PF = the amount of the Performance Fee;
CNPV is the Net Portfolio Value on the last business day of the relevant quarter;
PNPV is the higher of:
(i) the Net Portfolio Value on the last business day of the immediately preceding quarter; and
(ii) the previous highest Net Portfolio Value calculated under this formula;
D is the aggregate of all dividends or other distributions in respect of all Shares paid or payable to Shareholders, or the value of entitlements other than cash dividends or distributions where those other entitlements are given or due to Shareholders, on a pre-tax basis, where the Shares were quoted ‘ex’ dividend, distribution or other entitlement on the ASX in respect of such dividend, distribution or other entitlement at any time during the quarter;

NC is the aggregate dollar value of any new capital subscribed for Shares during the quarter (including dividend reinvestments and exercise of options), calculated at the subscription price for that new capital less the costs incurred in raising that new capital less the aggregate dollar value of any buy-back of Shares or capital reduction or capital return during the quarter.

If PF is a negative number, no Performance Fee is payable in respect of that quarter.

The Performance Fee shall be paid to the Manager within twenty (20) days of the end of each quarter.

(b) Auditor's remuneration

During the year the following fees were paid or payable for services provided by PKF, the auditor of the Company:

	Year ended 30 June 2018 2018 $	For the period 19 October 2016 to 30 June 2017 2017 $
Audit and review of the financial statements	27,341	20,500
Tax compliance services	11,990	2,500
IPO Due Diligence		
Independent accountant report and tax services	-	27,000
	39,331	**50,000**

10. Earnings per share

	Year ended 30 June 2018	For the period 19 October 2016 to 30 June 2017
Weighted average number of ordinary shares used in the calculation of basic earnings per share	44,701,212	44,315,377
Basic earnings per share (cents)	2.70	0.34
Weighted average number of shares used in the calculation of diluted earnings per share	44,701,212	44,315,377
Diluted earnings per share (cents)	2.70	0.34

In the calculation of diluted earnings per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.

11. Reconciliation of Net profit/(loss) after income tax to Cash Flow from Operating Activities:

	Year ended 30 June 2018 $'000	For the period 19 October 2016 to 30 June 2017 $'000
Net profit/(loss) after income tax	1,206	150
Purchase of investments	(64,927)	(45,852)
Proceeds from sale of investments	49,239	964
Net gains/(losses) on investment	(6,421)	(131)
Net gains/(losses) on foreign exchange	2,966	(617)
Changes in assets and liabilities:		
Decrease/(increase) in prepayments	(6)	(31)
Decrease/(increase) in receivables	(153)	(108)
(Decrease)/increase in tax benefits to equity	(6)	220
Increase in deferred tax assets	(1,333)	(282)
Decrease in deferred tax liabilities	1,704	133
(Decrease)/increase in payables	(50)	183
Net cash outflow from operating activities	**(17,781)**	**(45,371)**

12. Investment transactions

The total number of securities transactions entered into the during the reporting year, together with total brokerage paid during the reporting year was:

Number of transactions - 250 (2017: 99)

Total brokerage paid - $273,678 ($135,071 on purchases and $138,607 on sales) (2017: $134,077 ($120,270 on purchases and $13,807 on sales).

13. Investment Portfolio

Investments by geographical region and currency:

	As at 30 June 2018 Fair Value A$'000	As at 30 June 2017 Fair Value A$'000
Australia	12,090	7,299
Europe - Euro	2,809	4,866
Europe - Other	361	1,332
Hong Kong	12,343	6,508
Japan	28,309	13,691
North America	11,290	11,322
Total	**67,201**	**45,017**

The top 10 holdings of the Fund as at 30 June 2018 are as follows:

Security	**Domicile**	**As at 30 June 2018 A$'000**	**% of portfolio**
Sony Corp	Japan	3,890	5.79%
The Walt Disney Company	United States	3,546	5.28%
Wynn Macau	Hong Kong	3,419	5.09%
Praemium Limited	Australia	3,381	5.03%
Baidu.com Sponsored ADR's	United States	3,289	4.89%
MGM China Holdings Ltd	Hong Kong	2,835	4.22%
Sumitomo Mitsui Financial Group	Japan	2,683	3.99%
BHP Billiton Limited	Australia	2,204	3.28%
Nintendo Company	Japan	2,123	3.16%
VanEck Vectors Junior Gold Miners ETF	United States	1,992	2.96%

14. Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions, and are as follows:

- The compensation arrangements with the Directors and Executive Directors (refer to Directors' Remuneration below);
- The interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to remuneration report included in the directors' report); and
- The Management Agreement between the Company and the Investment Manager (refer to Note 9 for details of fees paid to the Investment Manager). Angus Geddes is the Director of the Investment Manager.

Directors Remuneration

Directors' remuneration received or receivable for the year ended 30 June 2018 was:

Director	Directors' fees $	Superannuation $	Total $
Michael Gallagher	44,000	-	44,000
Katrina Vanstone	31,000	-	31,000
Angus Geddes	-	-	-
	75,000	**-**	**75,000**

Directors' remuneration received or receivable for the period ended 30 June 2017 was:

Director	Directors' fees $	Superannuation $	Total $
Michael Gallagher	10,233	-	10,233
Katrina Vanstone	7,674	-	7,674
Angus Geddes	-	-	-
	17,907	**-**	**17,907**

15. Contingencies

As at 30 June 2018 and 30 June 2017, the Manager was not aware of any liabilities or gain or loss contingencies considered material, individually or in aggregate, that were required to be accrued or disclosed.

16. Commitments

As at 30 June 2018 and 30 June 2017, the Manager was not aware of any commitments considered material, individually or in aggregate, that were required to be accrued or disclosed.

17. Events subsequent to reporting date

No significant events have occurred since the reporting year which would impact on the financial position of the Company disclosed in the consolidated statement of financial position as at 30 June 2018 or on the results and cash flows of the Company for the year ended on that date.

FAT PROPHETS GLOBAL CONTRARIAN FUND LTD
ACN 615 414 849
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018

1 In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 24 are in accordance with the *Corporations Act 2001* , including:

(i) complying with Australian Accounting Standards and 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 2018 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.

2 The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

3 The directors have been given by the Executive Director and Chief Financial Officer the declarations for the year ended 30 June 2018 required by section 295A of the *Corporations Act 2001.*

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

Michael Gallagher
Chairman

Sydney, NSW
23 August 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FAT PROPHETS GLOBAL CONTRARIAN FUND LTD

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Fat Prophets Global Contrarian Fund Ltd (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

In our opinion, the financial report of Fat Prophets Global Contrarian Fund Ltd is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Independence

We are independent of the consolidated entity 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.

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. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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PKF

1. Valuation and existence of investments

Why significant	How our audit addressed the key audit matter
As at 30 June 2018, the carrying value of financial assets was $67,201k which represented 134% of the company's Net Assets, as disclosed in Note 2(e) and Note 13 of the financial report. The financial assets consist of Australian and International equities held at fair value through profit and loss. Accordingly, the fluctuations in investment valuation are recognised in the statement of profit or loss and other comprehensive income. Given the nature and principal activity of the company being to invest in listed securities, combined with the quantum of investments held, we have identified that the valuation and existence of these investments be a key audit matter.	Our work included, but was not limited to, the following procedures: • Performing a reconciliation of the investments balance from inception, additions and subtractions of purchases, sales and other relevant transactions and agreed to the 30 June 2018 balance. • Agreeing investment quantity holdings at 30 June 2018 to independent third party sources. • Agreeing all the listed equities investment prices to independent market pricing sources. • Obtaining a third party report on whether the control over investment purchases and sales transactions were suitably designed and operated effectively for the period and assessed the report.

2. Accuracy and completeness of management and performance fees

Why significant	How our audit addressed the key audit matter
For the period ended 30 June 2018 the company has recognised management fees of $665k and performance fees 1,634k as disclosed in Note 9(a) of the financial report. The management and performance fee calculations are based on the portfolio Net Asset Value and made with related parties therefore heightening the inherent risk associated with these balances. Given the nature of the various inputs and complexity of the management and performance fee calculations, we have determined that the accuracy and completeness of these balances be a key audit matter.	Our work included, but was not limited to, the following procedures: • Recalculating management fees recognised in accordance with the terms outlined in the prospectus. • Recalculating performance fees recognised in accordance with the terms outlined in the prospectus. • Testing key inputs used in the calculation of the management and performance fees and performed a reasonableness assessment. • Assessing the adequacy of the disclosure of the management and performance fees in the financial report.

Other Information

Other information is financial and non-financial information in the annual report of the Company which is provided in addition to the Financial Report and the Auditor’s Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor’s Report was the Director’s report. The remaining Other Information is expected to be made available to us after the date of the Auditor’s Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor’s Report we have nothing to report.

Directors’ Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation 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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity 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 and 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, individual or in 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.

Auditor’s Responsibilities for the Audit of the Financial Report (cont’d)

The procedures selected depend on the auditor’s judgement, including 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 entity’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 entity’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 control.

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 entity’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 consolidated entity 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 consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2018.

In our opinion, the Remuneration Report of Fat Prophets Global Contrarian Fund Ltd for the period ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company 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.

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SCOTT TOBUTT
PARTNER

23 AUGUST 2018
SYDNEY

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