Glennon Small Companies Limited

ABN 52 605 542 229

Appendix 4E
for the year ended 30 June 2019

Preliminary Final Report

This preliminary final report is for the financial year ended 30 June 2019. The previous corresponding period was 1 July 2017 to 30 June 2018.

Results for announcement to the market

				$'000
Revenue from ordinary activities	Down	-156.74%	to	(7,726)
Profit before tax for the year	Down	-172.45%	to	(8,784)
Profit from ordinary activities after tax attributable to members	Down	-163.33%	to	(5,982)

Dividends

	Dividend Rate $	**Total Amount $'000**	**Date of Payment**	**Percentage Franked**
Ordinary shares - interim 2019	0.01	$480	09/04/2019	100%
Ordinary shares - final 2018	0.03	$1,428	18/09/2018	100%
Ordinary shares - interim 2018	0.01	$475	23/03/2018	100%
Ordinary shares - final 2017	0.03	$1,412	06/10/2017	100%

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final ordinary dividend of 2 cents per fully paid share, fully franked, with an ex date of 20 August 2019 and a record date of 21 August 2019, to be paid on 3 September 2019, out of the profits reserve at 30 June 2019.

Final dividend dates

Ex Dividend date	20/08/2019
Record Date	21/08/2019
Last election date for the DRP	22/08/2019
Payment date	03/09/2019

Net tangible assets (NTA)

	30 June 2019 $	30 June 2018 $
Net tangible asset backing (per share) after tax	**0.9743**	1.1374
Net tangible asset backing (per share) before tax	**0.9763**	1.2138

Distribution Reinvestment Plan (DRP)

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

The final date for receipt of an election notice for participation in the Dividend Reinvestment Plan is 22 August 2019. Shares issued under DRP will rank equally with existing ordinary shares. The Company reserves the right to issue DRP shortfall shares at Director's discretion.

Audit

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

Glennon Small Companies Limited

ABN 52 605 542 229

Annual Report
for the year ended 30 June 2019

Directors	Michael Glennon *Executive Chairman* John Larsen *Independent Non-Executive Director* Garry Crole *Independent Non-Executive Director*
Secretary	Dion Cohen (resigned 14 December 2018) Michael Glennon (appointed 14 December 2018) Anushuka Nathan (appointed 4 July 2019)
Investment Manager	Glennon Capital Pty Ltd Level 17, 25 Bligh Street Sydney NSW 2000 Phone: (02) 8027 1000
Registered office	c/o Glennon Capital Pty Ltd Level 17, 25 Bligh Street Sydney NSW 2000 Phone: (02) 8027 1000 Email: info@glennon.com.au For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to www.asx.com.au or call (02) 8027 1000.
Custodian and Administrator	Link Fund Solutions Pty Limited Level 12, 680 George Street Sydney NSW 2000 Phone: (02) 8280 7100
Share registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600 Fax: (02) 9279 0664 Email: enquiries@boardroomlimited.com.au For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.
Auditors	Pitcher Partners Level 16, Tower 2, Darling Park 201 Sussex Street Sydney NSW 2000
Stock exchange	Australian Securities Exchange (ASX) The home exchange is Sydney. ASX code: GC1 Ordinary shares
Website	www.glennonsmallcompanies.com.au

Glennon Small Companies Limited ABN 52 605 542 229
Annual Report - 30 June 2019

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Manager's Letter

Dear shareholders,

The 2019 financial year was a challenging year for our portfolio. We found ourselves suffering from a range of factors that impacted our performance. There was a shift away from small and micro caps as investors looked for bigger growth companies. The institutional market has on mass pulled money out of the sector which has seen more selling pressure on the smaller end of the market while no new buyers have entered. This resulted in some well established small cap fund managers closing their doors. Small growth momentum stocks displayed some excellent returns however there is a lot of momentum in that sector which has pushed valuations to extreme levels.

While we had some good stock picks during the period with Afterpay up 167%, Nearmap up 79%, Promedicus up 96% and Service Stream up 88%, they were still outweighed by some of the stocks we didn't get right. Our positions in Emeco and Axcess today, the latter which we chose to write off, combined cost the portfolio 10%. We should have been more sceptical of the Axcess today management. Their decision to move into non asset backed loans breached their banking covenants which triggered the stock's suspension. The business was, however, trading well prior to the suspension but has suffered from poor management and Board decisions which have cost investors the value of their equity. The investment thesis on Emeco was correct. Our failing was that we allowed it to become too large a position for a cyclical stock. The position size was not risk weighted appropriately in the portfolio. The longer-term outlook for Emeco is still attractive however we do have concerns around corporate governance and remuneration for both the executives, along with the bonus structure for employees.

Microcaps have and continue to suffer from a lack of liquidity which has taken their share prices lower with no real change in the fundamentals of most of these businesses. Our position in Shine Lawyers is a case in point. The shares have retraced from over $1.00 to below 80 cents with no significant change in the outlook for the company. This is typical of most smaller listed companies. If you think as an owner of a business, you would still be happy with the operational performance of the business. This requires distancing yourself from the share price and being comfortable with the company that you own.

As a result of the losses we experienced we have spent a significant amount of time improving our risk management systems to ensure that we right size weightings, risk and market caps within the portfolio. I can say now we have the best risk management system I have had to date in my career. We will continue to improve and work on this. We also restructured the investment team and hired Alan Crozier. Alan and I worked together at Paradice Investments in the early 2000s. Alan was formative in helping me develop my investment framework and he has a similar philosophy and fundamental approach to my investing style.

Dividends

During August 2019, the Board declared a fully franked final dividend of 2 cents per share. While this reflects a drop in the final dividend it is our aim to equalise the two dividends paid in line with most ASX companies, so the Board would aim to increase the interim dividend if it is prudent to do so and pay two equal dividends.

Investor Communication

As many of you have noticed and commented on, we did pull back our marketing efforts during the year. This was partly as a result of the increased focus we needed to have on finding new investments and the considerable effort it takes to undertake those marketing efforts. When we had to prioritise researching stocks against marketing we chose to focus on identifying new stock opportunities. We hope to recommence our marketing activities during the current financial year.

Outlook

In terms of outlook, the valuation differential between growth and value companies has become extreme. The growth stocks are too expensive to own and the cheap stocks often don't have enough growth or are subject to negative headwinds or a weakening domestic economy. We have selectively exited our positions in many of the growth companies we owned as valuations became stretched. This has resulted in us having high cash levels, circa 40% in early August. The upside of this is that there are significantly more opportunities emerging at the value end of the market and we have the cash to selectively deploy as these opportunities present themselves. With the complete lack of interest in non-growth small and microcaps I am excited by the opportunities that are emerging as companies are oversold. We don't box ourselves into either the value of grow styles so while we have benefited from growth companies over the second half of the financial year, we will now look to make more investments in undervalued, under the radar type investments as we have always done.

I think there is the risk of serious loss of capital buying into high growth high PE companies at present. Our focus on capital preservation means that we will only be buying companies that represent good value at current prices.

Yours sincerely

Michael Glennon
Chairman and Chief Investment Officer
Glennon Small Companies Limited

Investments at Market Value

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

	$	% of total assets
CONSUMER DISCRETIONARY		
ALLIANCE AVIATION SERVICES	451,980	0.99%
BREVILLE GROUP LIMITED	899,800	1.96%
IDP EDUCATION LIMITED	2,200,171	4.80%
INVOCARE LIMITED	1,055,340	2.30%
JUMBO INTERACTIVE LIMITED	1,341,990	2.93%
NONI B LIMITED	1,020,000	2.22%
PWR HOLDINGS LIMITED	782,800	1.71%
SHINE CORPORATE LTD	753,145	1.64%
WEBJET LIMITED	408,000	0.89%
	8,913,226	**19.44%**
CONSUMER STAPLES		
COLLINS FOODS LIMITED	1,054,100	2.30%
	1,054,100	**2.30%**
ENERGY		
APN INDUSTRIA REIT	491,262	1.07%
AFTERPAY TOUCH GROUP LIMITED	2,361,143	5.15%
	2,852,405	**6.22%**
FINANCIALS		
CENTURIA INDUSTRIAL REIT	482,642	1.05%
CHARTER HALL EDUCATION TRUST	483,723	1.05%
FIDUCIAN GROUP LIMITED	251,431	0.55%
HOTEL PROPERTY INVESTMENTS	487,441	1.06%
HUB24 LTD	912,111	1.99%
PINNACLE INVESTMENT MANAGEMENT LIMITED	1,046,430	2.28%
SEQUOIA FINANCIAL GROUP	276,576	0.60%
	3,940,354	**8.58%**
HEALTH CARE		
NANOSONICS LIMITED	1,139,174	2.48%
PRO MEDICUS LIMITED	2,153,823	4.70%
	3,292,997	**7.18%**
INDUSTRIALS		
CML GROUP LIMITED	1,345,931	2.93%
THE GO2 PEOPLE LIMITED	224,100	0.49%
HILLS LIMITED	420,000	0.92%
IPH LIMITED	984,720	2.15%
MONADELPHOUS GROUP LIMITED	940,500	2.05%
SERVICE STREAM LIMITED	562,000	1.23%
	4,477,251	**9.77%**
TELECOM		
CHORUS LIMITED	962,880	2.10%
	962,880	**2.10%**
INFORMATION TECHNOLOGY		
ALTIUM LIMITED	1,472,823	3.21%
APPEN LIMITED	1,563,941	3.41%
BRAVURA SOLUTIONS LIMITED	344,394	0.75%
INFOMEDIA LTD	1,299,058	2.83%
NEARMAP LIMITED	2,405,229	5.24%
	7,085,445	**15.44%**
MATERIALS		
HAWKSTONE MINING LIMITED	105,000	0.23%
	105,000	**0.23%**
UNLISTED CONVERTIBLE NOTES		
ADVANCED BRAKING TECHNOLOGY	200,000	0.44%
LOCAL AGENT FINDER LTD	250,000	0.55%
	450,000	**0.99%**
UNLISTED EQUITY		
LOCAL AGENT FINDER LTD	700,000	1.53%
	700,000	**1.53%**
TOTAL	**33,833,658**	**73.78%**

Corporate Governance Statement

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

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

Directors' Report

The Directors present their report together with the financial report of Glennon Small Companies Limited ("the Company") for the year ended 30 June 2019.

Directors

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

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

Principal activities

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

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

Dividends

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

	Dividend Rate $	Total Amount $'000	Date of Payment	% Franked
2019				
Ordinary shares - interim 2019	0.01	$480	09/04/2019	100
Ordinary shares - final 2018	0.03	$1,428	18/09/2018	100
2018				
Ordinary shares - interim 2018	0.01	$475	23/03/2018	100
Ordinary shares - final 2017	0.03	$1,412	06/10/2017	100

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final ordinary dividend of 2 cents per fully paid share, fully franked, with an ex date of 20 August 2019 and a record date of 21 August 2019, to be paid on 3 September 2019, out of the profits reserve at 30 June 2019.

Review of operations

The operating loss before tax including realised and unrealised investment movements was $8,784,000 for the year ended 30 June 2019 (2018: $12,125,000 profit). The net result after tax was a loss of $5,982,000 (2018: $9,446,000 profit).

The net tangible asset backing before tax as at 30 June 2019 was $0.9763 per share (2018: $1.2138).

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

Financial Position

The net asset value of the Company for the current financial year ended was $46,313,000 (2018: $54,229,000).

Significant changes in the state of affairs

On 1 March 2019 the company announced the implementation of an on-market share buy-back of up to 10% of its issued ordinary shares for a 12-month period commencing on 19 March 2019. During the year ended 30 June 2019, 677,631 shares were bought back at a average buy back of $0.8357 per share.

Significant changes in the state of affairs (continued)

There were no other significant changes in the state of affairs of the Company during the year ended 30 June 2019.

Matters subsequent to the end of the financial period

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

Likely developments and expected results of operations

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

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

Environmental regulation

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

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

Information on directors

Michael Glennon Executive Chairman Age 45 (appointed on 29 April 2015)

Experience and expertise
Michael Glennon has 21 years experience in financial markets and over 19 years experience as a portfolio manager and director of several boutique investment management firms. He has extensive contacts in listed companies and has accumulated a wealth of knowledge of smaller listed companies over the time he has been in the market. He has worked with some of Australia's most respected small company fund managers and has also managed a listed investment company as well as portfolios for public superannuation funds, family offices, financial planner clients, insurance companies, charities and other professional investors. Mr Michael Glennon regularly speaks on ABC radio and appears on CNBC providing expert commentary on investing and financial markets.

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

Other current directorships
Michael Glennon is the Chairman of ASX listed, Excelsior Capital Limited (ECL) (previously CMI Ltd). He was appointed as a director of ECL on 23 December 2016.

Michael Glennon was also recently appointed as director of Benjamin Homigold Limited (BHD) on 12 June 2019.

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

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

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

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

Information on directors (continued)

John Larsen Independent Non-Executive Director Age 69 (appointed on 29 April 2015)

Experience and expertise
John Larsen has over 31 years experience in senior management roles in funds management and broking companies. He has managed a number of private portfolios and a number of individually managed accounts. Between 2006 and 2008, he was part of the investment committee responsible for investment for the Huntley Investment Company Limited, a listed investment company. He was also Group Investment Manager at ING (previously Mercantile Mutual Group) retaining responsibility for the entire Australian investments portfolio with over $500 million of funds under management. During his tenure, ING was one of the largest fund managers in the Australian market. He is also a member of Institute of Chartered Accountants.

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

Other current directorships
John Larsen is the director of Sequoia Financial Group Limited.

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

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

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

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

Garry Crole Independent Non-Executive Director Age 56 (appointed on 29 April 2015)

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

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

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

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

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

Information on directors (continued)

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

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

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

Company secretary

Mr Michael Glennon was appointed as Company Secretary effective 14 December 2018 following the resignation of Mr Dion Cohen.

Anushuka Nathan was appointed as Co Company Secretary alongside Michael Glennon effective 4 July 2019.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held in the year ended 30 June 2019, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Meetings of committees: Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B
Michael Glennon	4	4	*	-	1	1
John Larsen	4	4	2	2	1	1
Garry Crole	4	4	2	2	1	1

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

Remuneration report (Audited)

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

The Directors will be entitled to receive the following benefits:

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

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

Remuneration report (Audited) (continued)

Executive remuneration policy and framework

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

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

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

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

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

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

Relationship between remuneration and the Company's performance

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

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

Details of remuneration

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

2019	Short-term employee benefits	Post-employment benefits	
Name	Salary and fees	Superannuation	Total
Non-executive Directors	$	$	$
John Larsen	22,831	2,169	25,000
Garry Crole	22,831	2,169	25,000
Sub-total non-executive directors	45,662	4,338	50,000
Executive Director			
Michael Glennon	-	-	-
Total key management personnel compensation	45,662	4,338	50,000

Remuneration report (Audited) (continued)

Details of remuneration (continued)

2018	Short-term employee benefits	Post-employment benefits	
Name	Salary and fees $	Superannuation $	Total $
Non-executive Directors			
John Larsen	22,831	2,169	25,000
Garry Crole	22,831	2,169	25,000
Sub-total non-executive directors	45,662	4,338	50,000
Executive Director			
Michael Glennon	-	-	-
Total key management personnel compensation	45,662	4,338	50,000

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

	2019	**2018**
Operating (loss)/profit after tax	($5,982,000)	$9,446,000
Dividends paid (cents per share)	3.0	4.0
Net tangible asset (pre-tax $ per share)	0.9763	1.2138
Total Directors' remuneration	$50,000	$50,000
Total Shareholder's Equity	$46,313,000	$54,229,000

Director Related Entity Remuneration

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

Michael Glennon is the sole Director and beneficial owner of Glennon Capital Pty Ltd, the Company appointed to manage the investment portfolio of Glennon Small Companies Limited. In its capacity as Manager, Glennon Capital Pty Ltd was paid a management fee of 1% p.a. (plus GST) of the net asset value of the portfolio amounting to $496,394 net of reduced input tax credits (2018: $513,945). As at 30 June 2019, the balance payable to the Manager was $41,933 (2018: $49,183). A summary of the material terms of the management agreement is contained in Section 10.1 of the Company's Prospectus dated 3 July 2015 (http://www.glennonsmallcompanies.com.au).

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

For the year ended 30 June 2019, in its capacity as Manager, Glennon Capital Pty Ltd was paid a performance fee net of reduced input tax credits amounting to $14,313 (2018: $496,947). As at 30 June 2019, the balance payable to the manager was nil (2018: $104,619).

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

Remuneration of Executives

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

Remuneration report (Audited) (continued)

Details of remuneration (continued)

Equity Instrument Disclosures Relating to Directors

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

Ordinary Shares Held

Director	Position	Balance at 15 August 2018	Net movement	Balance at 15 August 2019
Michael Glennon	Executive Chairman	1,754,685	201,594	1,956,279
John Larsen	Independent Non-Executive Director	150,925	36,610	187,535
Garry Crole	Independent Non-Executive Director	300,000	-	300,000
		2,205,610	**238,204**	**2,443,814**

Director	Position	Balance at 28 September 2017	Net movement	Balance at 15 August 2018
Michael Glennon	Executive Chairman	1,343,083	411,602	1,754,685
John Larsen	Independent Non-Executive Director	129,342	21,583	150,925
Garry Crole	Independent Non-Executive Director	300,000	-	300,000
		1,772,425	**433,185**	**2,205,610**

End of remuneration report

Insurance and indemnification of officers and auditors

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

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

Auditor's independence declaration

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

Rounding of amounts

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

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

Michael Glennon
Executive Chairman

Sydney
15 August 2019

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

Auditor's Independence Declaration
To the Directors of Glennon Small Companies Limited
ABN 52 605 542 229

In relation to the independent audit for the year ended 30 June 2019, I declare that to the best of my knowledge and belief there have been:

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

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

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

C I Chandran
Partner

Pitcher Partners
Sydney

15 August 2019

	Notes	**Year ended 30 June 2019 $'000**	Year ended 30 June 2018 $'000
Investment income from ordinary activities			
Net realised gains/(losses) on investments		**2,783**	(1,157)
Net unrealised (losses)/gains on investments		**(11,639)**	11,472
Dividends		**952**	3,102
Trust distributions		**74**	30
Interest from financial assets at amortised cost		**104**	163
Other income		**-**	7
		(7,726)	13,617
Expenses			
Management fees		**(496)**	(514)
Performance fees		**(14)**	(497)
Brokerage expense		**(209)**	(119)
Accounting fees		**(74)**	(76)
Share registry fees		**(32)**	(32)
Custody fees		**(24)**	(26)
Tax fees		**(13)**	(17)
Directors' fees		**(50)**	(50)
ASX fees		**(47)**	(42)
Audit fees		**(47)**	(52)
Other expenses		**(52)**	(67)
		(1,058)	(1,492)
(Loss)/profit before income tax		**(8,784)**	12,125
Income tax benefit/(expense)	7	**2,802**	(2,679)
(Loss)/profit for the year		**(5,982)**	9,446
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (loss)/income for the year		**(5,982)**	9,446
		Cents	Cents
(Losses)/earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic (losses)/earnings per share	23	**(12.45)**	19.84
Diluted (losses)/earnings per share	23	**(12.45)**	19.84

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

Glennon Small Companies Limited
Statement of Financial Position
As at 30 June 2019

	Notes	At 30 June 2019 $'000	30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**11,885**	7,004
Trade and other receivables	9	**120**	709
Financial assets at fair value through profit or loss	10	**33,833**	48,964
Current tax assets		**-**	447
Other current assets		**39**	35
Total current assets		**45,877**	57,159
Non-current assets			
Deferred tax assets	11	**816**	938
Total non-current assets		**816**	938
Total assets		**46,693**	58,097
LIABILITIES			
Current liabilities			
Trade and other payables	12	**255**	232
Current tax liabilities		**32**	-
Total current liabilities		**287**	232
Non-current liabilities			
Deferred tax liabilities	13	**93**	3,636
Total non-current liabilities		**93**	3,636
Total liabilities		**380**	3,868
Net assets		**46,313**	54,229
EQUITY			
Issued capital	14	**46,396**	46,423
Profits reserve		**9,456**	10,572
Accumulated losses		**(9,539)**	(2,766)
Total equity		**46,313**	54,229

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

	Notes	Issued capital $'000	Profits reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2017		45,958	3,012	(2,766)	46,204
Net profit for the period		-	-	9,446	9,446
Transactions with owners in their capacity as owners:					
Contributions of equity	14	469	-	-	469
Costs of issued capital		(4)	-	-	(4)
Dividends provided for or paid	15	-	(1,886)	-	(1,886)
Transfer to profits reserve (net of tax)		-	9,446	(9,446)	-
		465	7,560	(9,446)	(1,421)
Balance at 30 June 2018		**46,423**	**10,572**	**(2,766)**	**54,229**

	Notes	Issued capital $'000	Profits reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2018		46,423	10,572	(2,766)	54,229
Net loss for the period		-	-	(5,982)	(5,982)
Transactions with owners in their capacity as owners:					
Contributions of equity	14	541	-	-	541
On market buy back		(566)	-	-	(566)
Costs of issued capital		(2)	-	-	(2)
Dividends provided for or paid	15	-	(1,907)	-	(1,907)
Transfer to profits reserve (net of tax)		-	791	(791)	-
		(27)	(1,116)	(791)	(1,934)
Balance at 30 June 2019		**46,396**	**9,456**	**(9,539)**	**46,313**

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

	Notes	**Year ended 30 June 2019 $'000**	Year ended 30 June 2018 $'000
Cash flows from operating activities			
Proceeds from sale of financial assets at fair value through profit or loss		**93,705**	40,241
Purchase of financial assets at fair value through profit or loss		**(86,420)**	(47,976)
Interest received		**96**	168
Dividends received		**672**	2,860
Distributions received		**40**	30
Other revenue		**-**	7
Income taxes paid		**(140)**	(44)
Management fees paid		**(502)**	(508)
Performance fees paid		**(82)**	(429)
Brokerage expenses		**(218)**	(116)
Payments for other expenses		**(336)**	(367)
Net cash inflow/(outflow) from operating activities	21	**6,815**	(6,134)
Cash flows from financing activities			
Payments for shares bought back		**(566)**	-
Share issue transaction costs		**(2)**	(6)
Dividends paid to Company's shareholders		**(1,366)**	(1,417)
Net cash outflow from financing activities		**(1,934)**	(1,423)
Net increase (decrease) in cash and cash equivalents		**4,881**	(7,557)
Cash and cash equivalents at the beginning of the year		**7,004**	14,561
Cash and cash equivalents at end of year	8	**11,885**	7,004
Non-cash financing activities			
Dividends reinvested	22	**541**	469

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

1 General information

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

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 29 April 2015 and commenced operations on 21 August 2015. The financial statements of Glennon Small Companies Limited are for the year ended 30 June 2019.

2 Significant accounting policies

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

(a) Basis of preparation

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

The financial statements were authorised for issue by the Board of Directors on 15 August 2019.

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

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

(ii) New and amended standards adopted by the Company

The Company had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

• AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Company and did not result in a change to the classification or measurement of financial instruments in either the current or comparative period. The Company's financial assets and financial liabilities continue to be classified as fair value through profit or loss. There was no material impact on adoption from the application of the new impairment model.

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

• AASB 15 *Revenue from Contracts with Customers*

AASB 15 became effective for annual period beginning on or after 1 January 2018 which 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 at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.

(iii) Historical cost convention

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

(iv) Critical accounting estimates

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

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

(b) Revenue recognition

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

(i) Investment income

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

(ii) Dividends

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

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

(iii) Interest income

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

(iv) Other income

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

(c) Income tax

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

2 Significant accounting policies (continued)

(c) Income tax (continued)

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

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

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

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

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

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

(d) Cash and cash equivalents

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

(e) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days.

(f) Trade and other receivables

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

(g) Financial assets and liabilities

The Company classifies its investments in the following measurement categories

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

2 Significant accounting policies (continued)

(g) Financial assets and liabilities (continued)

Classification

(i) Financial assets

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Company's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

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

Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

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

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

Determination of Fair Value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company uses the last sale price as a basis of measuring fair value.

Impairment

At each reporting date, the Company shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2 Significant accounting policies (continued)

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(i) Issued capital

Ordinary shares are classified as equity.

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

(j) Profits reserve

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

(k) Dividends

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

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

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

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(m) Goods and Services Tax (GST)

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

2 Significant accounting policies (continued)

(m) Goods and Services Tax (GST) (continued)

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

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

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

(n) Operating segments

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

(o) Functional and presentation currency

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

(p) Rounding of amounts

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

(q) Comparatives

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

3 Financial risk management

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

(a) Market risk

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

(i) Foreign exchange risk

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

(ii) Price risk

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

The Company seeks to manage and constrain market risk by holding a diversified portfolio of typically between 20 and 40 ASX listed companies and holding cash of up to 75%.

3 Financial risk management (continued)

(a) Market risk (continued)

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

Sector	2019 (%)	2018 (%)
Information technology	**21**	3
Financial services	**12**	19
Energy	**8**	7
Health care	**10**	5
Consumer staples	**3**	7
Industrials	**13**	27
Consumer discretionary	**27**	24
Materials	**-**	7
Telecommunications services	**3**	-
Unlisted	**3**	1
Total	**100**	100

As at 30 June 2019, there are two securities that represented over 5% of the Portfolio (2018: four over 5% of the portfolio).

Sensitivity

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

	Impact on post-tax (loss)/profit	
	2019 $'000	2018 $'000
Decrease 5%	**(1,168)**	(1,707)
Increase 5%	**1,168**	1,707
Decrease 10%	**(2,337)**	(3,413)
Increase 10%	**2,337**	3,413

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

At balance date, the equity securities net portfolio position was $33,383,000 (2018: $48,764,000).

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

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

At 30 June 2019

	Floating interest rate $'000	**Fixed interest rate $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets				
Cash and cash equivalents	**11,885**	**-**	**-**	**11,885**
Trade and other receivables	**-**	**-**	**120**	**120**
Financial assets at fair value through profit or loss	**-**	**200**	**33,633**	**33,833**
	11,885	**200**	**33,753**	**45,838**
Financial liabilities				
Trade and other payables	**-**	**-**	**(255)**	**(255)**
Current tax liabilities	**-**	**-**	**(32)**	**(32)**
	-	**-**	**(287)**	**(287)**
Net exposure to interest rate risk	**11,885**	**200**	**33,466**	**45,551**

At 30 June 2018

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	7,004	-	-	7,004
Trade and other receivables	-	-	709	709
Financial assets at fair value through profit or loss	-	200	48,764	48,964
Current tax assets	-	-	447	447
	7,004	200	49,920	57,124
Financial liabilities				
Trade and other payables	-	-	(232)	(232)
	-	-	(232)	(232)
Net exposure to interest rate risk	7,004	200	49,688	56,892

Sensitivity

At 30 June 2019, if interest rates had increased by 75 or decreased by 75 basis points from the year end rates with all other variables held constant, post-tax loss for the year would have been $63,000 higher/$63,000 lower (2018: changes of 75 bps/75 bps: $38,000 lower/$38,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

3 Financial risk management (continued)

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

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

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

4 Fair value measurements

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

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

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

(a) Fair value hierarchy

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

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

4 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements

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

At 30 June 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed equity securities	**32,683**	**-**	**-**	**32,683**
Unlisted convertible notes	**-**	**-**	**450**	**450**
Unlisted equity securities	**-**	**700**	**-**	**700**
Total financial assets	**32,683**	**700**	**450**	**33,833**

At 30 June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Listed equity securities	47,697	-	-	47,697
Unlisted convertible notes	-	200	-	200
Unlisted equity securities	-	1,067	-	1,067
Total financial assets	47,697	1,267	-	48,964

The unlisted convertible notes included in Level 3 of the hierarchy are investments in convertible notes which are not listed on the Australian Securities Exchange. These have been valued at cost which the Board consider to represent fair value.

The unlisted equity securities included in Level 2 of the hierarchy are investments in equity securities which are unlisted and therefore represent investments in an inactive market without observable inputs for valuation. The unlisted equity securities were purchased as part of a Pre-Initial Public Offering and have been valued at the latest equity raising price which the Board consider to represent fair value in absence of any market price available.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers in and out of level 3.

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

(ii) Disclosed fair values

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

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

5 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

5 Critical accounting estimates and judgements (continued)

Income taxes

The Company has recognised deferred tax assets relating to capitalised share issue costs, carry forward losses and other temporary differences of $816,000 at 30 June 2019 (2018: $938,000). These are expected to be utilised against the taxable temporary differences (deferred tax liabilities on unrealised gains on investments and other temporary differences) of $93,000 at 30 June 2019 (2018: $3,636,000) relating to the same taxation authority.

6 Segment information

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

7 Income tax benefit/(expense)

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

	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Income tax benefit/(expense)	**2,802**	(2,679)
Income tax benefit/(expense) is attributable to:		
(Loss)/profit before tax from continuing operations	**(8,784)**	12,125

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

	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
(Loss)/profit from continuing operations before income tax (benefit)/expense	**(8,784)**	12,125
Tax at the Australian tax rate of 30% (2018 - 30%)	**(2,635)**	3,638
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	**(312)**	(1,286)
Imputation credit gross up	**94**	386
Foreign tax credits on dividends received	**(4)**	-
Foreign tax credits gross up	**1**	-
Adjustments recognised for prior periods	**54**	(59)
Income tax (benefit)/expense	**(2,802)**	2,679
The applicable effective tax rates are as follows:	**31.90%**	22.09%

7 Income tax benefit/(expense) (continued)

(c) Amounts recognised directly in equity

	Notes	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Aggregate deferred tax arising in the reporting year and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Deferred tax: Share issue costs	11	**104**	182

8 Current assets - Cash and cash equivalents

	At 30 June 2019 $'000	30 June 2018 $'000
Current assets		
Cash at bank and in hand	**11,885**	7,004

(a) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with the following financial institutions:

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

9 Current assets - Trade and other receivables

	At 30 June 2019 $'000	30 June 2018 $'000
Dividends and distributions receivable	**34**	-
Interest receivable	**19**	11
GST receivable	**27**	55
Unsettled trades	**40**	643
	120	709

Receivables are non-interest bearing and unsecured.

Fair value and credit risk

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

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

	At	
	30 June 2019 $'000	30 June 2018 $'000
Listed equity securities	**32,683**	47,697
Unlisted equity securities	**700**	1,067
Unlisted convertible notes	**450**	200
	33,833	48,964

The market values of the investments as at 30 June 2019 are disclosed on page 3 of the Annual Report. Listed securities are readily saleable with no fixed terms.

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

(a) Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 723 (2018: 435). Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was $495,000 (2018: $251,000).

(b) Risk exposure and fair value measurements

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

11 Non-current assets - Deferred tax assets

	At	
	30 June 2019 $'000	30 June 2018 $'000
The balance comprises temporary differences attributable to:		
Capitalised share issue costs	**104**	182
Carry forward losses	**700**	745
Accrued expenses	**12**	11
	816	938

	At	
	30 June 2019 $'000	30 June 2018 $'000
Movements:		
Opening balance	**938**	270
Charged/(credited):		
- to equity	**(78)**	(77)
- to profit or loss	**(44)**	745
Closing balance	**816**	938

12 Current liabilities - Trade and other payables

	At 30 June 2019 $'000	30 June 2018 $'000
Management fees payable	**42**	49
Performance fees payable	**-**	104
Unsettled trades	**127**	-
Other payables	**86**	79
	255	232

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

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

13 Non-current liabilities - Deferred tax liabilities

	At 30 June 2019 $'000	30 June 2018 $'000
The balance comprises temporary differences attributable to:		
Net unrealised gains on investments	**78**	3,633
Other temporary differences	**15**	3
	93	3,636

	At 30 June 2019 $'000	30 June 2018 $'000
Movements:		
Opening balance	**3,636**	232
Charged/(credited):		
- profit or loss	**(3,543)**	3,404
Closing balance	**93**	3,636

14 Issued capital

(a) Share capital

	30 June 2019 Shares	30 June 2018 Shares	**30 June 2019 $'000**	30 June 2018 $'000
Ordinary shares	**47,460,551**	47,589,549	**46,396**	46,423

(b) Movements in ordinary share capital

		30 June 2019 Shares	**30 June 2019 $'000**
Opening balance		**47,589,549**	**46,423**
On-market buy back		**(677,631)**	**(566)**
Dividends reinvestment plan issue		**548,633**	**541**
Cost of issued capital, net of tax		**-**	**(2)**
Balance 30 June 2019		**47,460,551**	**46,396**

		30 June 2018 Shares	30 June 2018 $'000
Opening balance		47,075,748	45,958
Dividends reinvestment plan issue	14(d)	513,801	469
Cost of issued capital, net of tax		-	(4)
Balance 30 June 2018		47,589,549	46,423

(c) Ordinary shares

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

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

(d) Dividend Reinvestment Plan

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

(e) Share buy-back

On 1 March 2019, the company announced the implementation of an on-market share buy-back of up to 10% of its issued shares for a 12-month period commencing on 19 March 2019. During the year 2019 the Company purchased and cancelled 677,631 number of shares at an average price of 0.8357.

(f) Capital risk management

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

14 Issued capital (continued)

(f) Capital risk management (continued)

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

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

15 Dividends

(a) Ordinary shares

Interim and final dividends paid fully franked at 27.5% and 30% tax rates, respectively (2018: interim and final dividends at 30%):

	Dividend Rate	Total Amount $'000	Date of Payment	% Franked
2019				
Ordinary shares - interim 2019	0.01	$480	09/04/2019	100
Ordinary shares - final 2018	0.03	$1,428	18/09/2018	100
2018				
Ordinary shares - interim 2018	0.01	$475	23/03/2018	100
Ordinary shares - final 2017	0.03	$1,412	06/10/2017	100

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

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final ordinary dividend of 2 cents per fully paid share, fully franked, with an ex date of 20 August 2019 and a record date of 21 August 2019, to be paid on 3 September 2019, out of the profits reserve at 30 June 2019.

(c) Dividend franking account

The franked portions of the final dividends declared after 30 June 2019 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2019 or the portfolio holdings' payment of franked dividend.

	30 June 2019 $'000	30 June 2018 $'000
Opening balance of franking account	**574**	51
Franking credits on dividends received	**317**	1,289
Tax paid during the year	**140**	45
Franking credits lost on ordinary dividends paid	**(794)**	(809)
Franking credits lost under 45 day rule	**(5)**	(2)
Closing balance of franking account	**232**	574
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends	**32**	(447)
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2018 - 30%)	**264**	127

16 Key management personnel disclosures

(a) Key management personnel compensation

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

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

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 11.

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Short-term employee benefits	**45,662**	45,662
Post-employment benefits	**4,338**	4,338
	50,000	50,000

(b) Equity instrument disclosures relating to key management personnel

(i) Share holdings

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

Year ended 30 June 2019 Name	**Balance at the start of the year**	**Net movement**	**Balance at end of the year**
Directors of Glennon Small Companies Limited			
Ordinary shares			
Michael Glennon	1,629,685	326,594	1,956,279
John Larsen	133,952	53,583	187,535
Garry Crole	300,000	-	300,000
	2,063,637	380,177	2,443,814

Year ended 30 June 2018 Name	**Balance at the start of the period**	**Net movement**	**Balance at end of the period**
Directors of Glennon Small Companies Limited			
Ordinary shares			
Michael Glennon	1,318,083	311,602	1,629,685
John Larsen	129,342	4,610	133,952
Garry Crole	300,000	-	300,000
	1,747,425	316,212	2,063,637

17 Remuneration of auditors

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

(i) Audit and other assurance services

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Audit and other assurance services		
Other assurance services		
Audit and review of financial statements - Pitcher Partners Sydney	**46,600**	52,000
Total remuneration for audit and other assurance services	**46,600**	52,000
Taxation services		
Tax compliance services - Pitcher Partners Sydney	**13,200**	17,000
Total remuneration for taxation services	**13,200**	17,000
Total remuneration of Pitcher Partners	**59,800**	69,000

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

18 Contingencies and commitments

The Company had no contingent assets and liabilities as at 30 June 2019 (2018: nil).

19 Related party transactions

(a) Key management personnel

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

(b) Transactions with other related parties

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

Michael Glennon is a Director and beneficial owner of Glennon Capital Pty Ltd, the Company appointed to manage the investment portfolio of Glennon Small Companies Limited. In its capacity as Manager, Glennon Capital Pty Ltd was paid a management fee of 1% p.a. (plus GST) of the net asset value of the portfolio amounting to $496,394 net of reduced input tax credits (2018: $513,945). As at 30 June 2019, the balance payable to the Manager was $41,933 (2018: $49,183).

In addition, the Manager is to be paid, quarterly in arrears, a performance fee of 20% (plus GST) of the portfolio's outperformance over the S&P/ASX Small Ordinaries Accumulation Index. For the year ended 30 June 2019 in its capacity as manager, Glennon Capital Pty Ltd earned performance fee net of reduced input tax credit amounting to $14,313 (2018: $496,947). As at 30 June 2019, the balance payable to the Manager was nil (2018: 104,619).

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

20 Events occurring after the reporting period

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

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

	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
(Loss)/profit for the year	**(5,982)**	9,446
Proceeds from sale of financial assets at fair value through profit or loss	**93,705**	40,241
Purchase of financial assets at fair value through profit or loss	**(86,420)**	(47,976)
Fair value gains/(losses) on financial assets at fair value through profit or loss	**8,856**	(10,315)
Dividend income reinvested	**(280)**	(242)
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(14)**	(29)
Decrease/(increase) in current tax assets	**447**	(103)
Increase in other current assets	**(4)**	(5)
Decrease/(increase) in deferred tax assets	**122**	(666)
(Decrease)/increase in trade and other payables	**(104)**	111
Increase in provision for income taxes payable	**32**	-
(Decrease)/increase in deferred tax liabilities	**(3,543)**	3,404
Net cash inflow/(outflow) from operating activities	**6,815**	(6,134)

22 Non-cash financing activities

	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Dividends reinvested	**541**	469

23 (Losses)/earnings per share

(a) Basic (losses)/earnings per share

	Year ended 30 June 2019 Cents	Year ended 30 June 2018 Cents
Basic (losses)/earnings per share attributable to the ordinary equity holders of the Company	**(12.45)**	19.84

23 (Losses)/earnings per share (continued)

(b) Diluted (losses)/earnings per share

	Year ended 30 June 2019 Cents	Year ended 30 June 2018 Cents
Diluted (losses)/earnings per share attributable to the ordinary equity holders of the Company	**(12.45)**	19.84

Diluted (losses)/earnings per share is the same as basic (losses)/earnings per share.

(c) Weighted average number of shares used as denominator

	Year ended 30 June 2019 Number	Year ended 30 June 2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic (losses)/earnings per share	**48,051,928**	47,602,903
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted (losses)/earnings per share	**48,051,928**	47,602,903

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

(a) the financial statements and notes set out on pages 14 to 37 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date, and

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

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

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

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

Michael Glennon
Executive Chairman
Sydney
15 August 2019

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Independent Auditor's Report
to the Members of Glennon Small Companies Limited
ABN 52 605 542 229

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Glennon Small Companies Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion the accompanying the financial report of Glennon Small Companies Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Existence, Valuation, and Classification of Financial Assets ***Refer to Note 4: Fair value measurements, Note 10: Current assets - Financial assets at fair value through profit or loss***	
We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and represent the most significant driver of the Company's Net Tangible Assets and profits. Investments mostly consist of listed Australian securities and some unlisted Australian securities. Investments are valued by multiplying the quantity held by the respective market price, cost or estimated value per security for unlisted investments.	Our procedures included, amongst others: ▪ Understanding and evaluating the investment management process and controls; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE *3402 Assurance Reports on Controls at a Service Organisation*) for the period 1 July 2018 to 30 June 2019 for the Administrator and the Custodian; ▪ Obtaining a confirmation of the investment holdings directly from the Custodian; ▪ Assessing the Company's valuation of individual investment holdings to independent sources. For investments where there was little or less observable market data, obtaining and assessing other relevant valuation data; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; ▪ Assessing the adequacy of disclosures in the financial statements.

Accuracy of Management and Performance Fees ***Refer to Note 12: Current liabilities - Trade and other payables, Note 19: Related party transactions and Remuneration Report***	
We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation may require adjustments for events in accordance with the Investment Management Agreement between the Company and the Investment Manager. In addition to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.	Our procedures included, amongst others: ▪ Making enquiries with the Investment Manager and the Directors with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements; ▪ Testing key inputs including adjustments for events used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement; ▪ Assessing the adequacy of disclosures made in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 controls 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 preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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 the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the Directors' Report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Glennon Small Companies Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

C I Chandran
Partner

Pitcher Partners
Sydney

15 August 2019

The Shareholder information set out below was applicable as at 15 August 2019.

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

A. Distribution of equity securities

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

	Class of equity security Ordinary shares		
Holding	**No. of Shareholders**	**Shares**	**Percentage**
1 - 1000	53	19,273	0.04
1,001 - 5,000	154	497,492	1.06
5,001 - 10,000	187	1,549,080	3.30
10,001 - 100,000	668	22,331,050	47.62
100,001 and over	74	22,502,571	47.98
	1,136	46,899,466	100.00

There were 32 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
BNP Paribas Nominees Pty Ltd	4,262,946	9.09
Gromore Investment Holdings Pty Ltd	1,673,194	3.57
Glennon Investments Pty Ltd	1,175,602	2.51
Henroth Pty Ltd	900,000	1.92
Wolffiney Investments Pty Ltd	708,030	1.51
Dynasty Peak Pty Limited	691,314	1.47
Halcycon Pty Ltd	602,577	1.29
Constantia Investments Pty Ltd	586,292	1.25
Glennon Capital Pty Ltd	422,235	0.90
Panchek Pty Ltd	400,000	0.85
Towra Nominees Pty Ltd	333,139	0.71
Carmant Pty LtdTrust	314,562	0.67
Raining Roubles Pty Ltd	313,854	0.67
Naveg Pty Ltd	280,249	0.60
Whotif Pty Ltd	259,744	0.55
Netwealth Investments Ltd	256,234	0.55
Griffinna Pty Ltd	250,000	0.53
Mrs Kellyanne Dyer	250,000	0.53
Australco Super Investments Pty Ltd	230,005	0.49
Noonbah Pty Ltd	230,000	0.49
	14,139,977	30.15

C. Substantial holders

There is currently one substantial shareholder, Posse Investment Holdings Pty Limited & Assoc., holding a total of 3,437,202 ordinary shares.

D. Voting rights

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

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

E. Stock Exchange Listing

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

F. Unquoted Securities

There are no unquoted shares.

G. Securities Subject to Voluntary Escrow

There are no securities subject to voluntary escrow.