

## NAOS Small Cap Opportunities Company Limited

ASX Code: NSC ACN: 107 617 381

### Appendix 4D | Results for Announcement to the Market

Results Announcement for the half year ended 31 December 2019

All comparisons are to the half year ended 31 December 2018

	\$'000	up/down	% change
Revenue from ordinary activities	28,467	up	247%
Profit / (Loss) from ordinary activities before tax attributable to shareholders	25,324	up	216%
Profit / (Loss) from ordinary activities after tax attributable to shareholders	18,099	up	222%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2020 Second Quarterly Interim Dividend	1.00c	1.00c	30%
2020 First Quarterly Interim Dividend	1.00c	1.00c	30%
2019 Final Quarterly Dividend	0.50c	0.50c	30%
Second Quarterly Interim Dividend Dates			
Ex-dividend date		28 February 2020	
Record date		2 March 2020	
Last date for DRP election		3 March 2020	
Payment date		18 March 2020	
Dividend Reinvestment Plan			
The Dividend Reinvestment Plan is in operation and the recommended fully franked quarterly interim dividend of 1.00 cent per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
	31 Dec 2019 \$	31 Dec 2018 \$	
(Post Tax) Net tangible asset backing per share	0.85	0.79	
This report is based on the half-year financial report which has been subject to independent review by the auditors, Deloitte Touche Tohmatsu Australia. All the documents comprise the information required by the Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2019 Annual Financial Report.			

**NAOS Small Cap Opportunities Company Limited**

**ACN 107 617 381**

Financial report for the half-year ended 31 December 2019

## Table of Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	3
Independent Auditor's Report	4
Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2019	6
Condensed Statement of Financial Position as at 31 December 2019	7
Condensed Statement of Changes in Equity for the half-year ended 31 December 2019	8
Condensed Statement of Cash Flows for the half-year ended 31 December 2019	9
Notes to the Condensed Financial Statements	10
Directors' Declaration	16
Corporate Information	17

## Directors' Report

The directors of NAOS Small Cap Opportunities Company Limited ACN 107 617 381 ("the Company") submit their half-year report for the Company for the half-year ended 31 December 2019.

### Company Information

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

### Principal Activities

The Company invests primarily in a concentrated portfolio of small-cap Australian listed equities that are not included in the S&P/ASX 100 Accumulation Index with the objective of providing investors with genuine exposure to small-cap companies, with a long-term value focus. No change in this activity took place during the period or is likely in the future.

### Directors

The following persons held office as Directors of the Company at the date of this report.

Name	Title
Mr Trevor Carroll	Independent Chairman
Mr David Rickards	Independent Director
Mr Warwick Evans	Director
Mr Sebastian Evans	Director

### Results and Review of Operations

The Company's operating profit before tax for the half-year was \$25,323,644 (31 December 2018: operating loss before tax of \$21,860,189), and operating profit after tax was \$18,098,943 (31 December 2018: operating loss after tax of \$14,852,198). The current period profit is primarily attributable to strong performance of the investment portfolio over the 6 months to 31 December 2019, with the investment portfolio producing a return of 19.16% in the 6 months to 31 December 2019, while the benchmark S&P / ASX Small Ordinaries Accumulation Index returned 3.89% over the same period.

The post-tax Net Tangible Asset ("NTA") per share of the Company has increased by 13.33%, from \$0.75 at 30 June 2019 to \$0.85 at 31 December 2019. During this period a fully franked final FY19 dividend of 0.5c per share, and a fully franked quarterly interim dividend of 1.00c per share was paid.

Total shareholder return (TSR), which measures the change in share price and dividends paid during the period, increased by 36.49% for the 6 months to 31 December 2019. This increase is reflective of both the increase in the investment portfolio and the narrowing of the share price discount to NTA over the period. This measure does not include the benefit of franking credits received by shareholders.

During the half-year, the Company continued with the on-market buyback program to take advantage of the discount of the share price relative to NTA. During the half-year 5,616,170 shares were bought back for a total consideration of \$3,807,672. The buyback of shares by the Company at a discount is accretive to NTA per share and as such the Board considers the buyback program to be an effective use of the Company's capital and in the interests of all shareholders.

## **Directors Report (continued)**

### ***Subsequent Events***

Since the end of half-year, the Directors have declared a quarterly interim fully franked dividend of 1.0 cent per share, payable on 18 March 2020. There has been no other matter or circumstances occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### ***Rounding***

The Company has applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

### ***Auditor's Independence Declaration***

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

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



Sebastian Evans

Director

20 February 2020

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

20 February 2020

Dear Directors,

**Naos Small Cap Opportunities Company Limited**

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

As lead audit partner for the review of the condensed financial statements of Naos Small Cap Opportunities Company Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely,

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*David Salmon*

David Salmon  
Partner  
Chartered Accountants

# Independent Auditor's Review Report to the Members of NAOS Small Cap Opportunities Company Limited

We have reviewed the accompanying half-year financial report of NAOS Small Cap Opportunities Company Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2019, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 16.

## Directors' Responsibility for the Half-Year Financial Report

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

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of NAOS Small Cap Opportunities Company Limited's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the NAOS Small Cap Opportunities Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Auditor's Independence Declaration

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

## Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*David Salmon*

David Salmon  
Partner  
Chartered Accountants  
Canberra, 20 February 2020



## Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2019

	Note	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
<b>Income</b>	3	28,467	(19,343)
<b>Expenses</b>			
Interest expense		(1,200)	(735)
Management fees		(958)	(1,031)
Investment transaction cost		(381)	(279)
Professional fees		(69)	(23)
Other expenses		(535)	(449)
<b>Profit/(loss) before income tax expense</b>		<b>25,324</b>	<b>(21,860)</b>
Income tax (expense)/benefit		(7,225)	7,008
<b>Profit/(loss) for the half-year attributable to shareholders of the Company</b>		<b>18,099</b>	<b>(14,852)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year attributable to shareholders of the Company</b>		<b>18,099</b>	<b>(14,852)</b>
<b>Basic and diluted earnings per share (cents per share)</b>		<b>11.06</b>	<b>(8.79)</b>

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

**Condensed Statement of Financial Position as at 31 December 2019**

	Note	31 December 2019 \$'000	30 June 2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,150	2,732
Prepayments		94	55
Receivables		163	688
Financial assets at fair value through profit or loss	5	157,110	141,635
<b>Total current assets</b>		<b>163,517</b>	<b>145,110</b>
<b>Non-current assets</b>			
Deferred tax assets		3,999	7,877
<b>Total non-current assets</b>		<b>3,999</b>	<b>7,877</b>
<b>Total assets</b>		<b>167,516</b>	<b>152,987</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables		658	1,120
Borrowings		-	26,410
<b>Total current liabilities</b>		<b>658</b>	<b>27,530</b>
<b>Non-current liabilities</b>			
Borrowings	11	26,215	-
Deferred tax liabilities		3,346	-
<b>Total non-current liabilities</b>		<b>29,561</b>	<b>-</b>
<b>Total liabilities</b>		<b>30,219</b>	<b>27,530</b>
<b>Net assets</b>		<b>137,297</b>	<b>125,457</b>
<b>Equity</b>			
Issued capital	6	196,487	200,293
Profits reserve	7	26,732	7,620
Accumulated losses	7	(85,922)	(82,456)
<b>Total equity</b>		<b>137,297</b>	<b>125,457</b>

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

**Condensed Statement of Changes in Equity for the half-year ended 31 December 2019**

	Note	Issued capital \$'000	Accumulated losses \$'000	Profits reserve \$'000	Total \$'000
<b>Balance at 1 July 2018</b>		<b>201,504</b>	<b>(64,754)</b>	<b>18,592</b>	<b>155,342</b>
Loss for the half-year		-	(14,852)	-	(14,852)
Dividends paid		-	-	(7,352)	(7,352)
Dividend reinvestment plan (DRP) shares allotted		1,053	-	-	1,053
Purchase of shares on-market for DRP		(1,053)	-	-	(1,053)
<b>Balance at 31 December 2018</b>	<b>6</b>	<b>201,504</b>	<b>(79,606)</b>	<b>11,240</b>	<b>133,138</b>
<b>Balance at 1 July 2019</b>		<b>200,293</b>	<b>(82,456)</b>	<b>7,620</b>	<b>125,457</b>
Profit for the half-year		-	18,099	-	18,099
Transfer to profits reserve		-	(21,565)	21,565	-
Dividends paid		-	-	(2,453)	(2,453)
Shares bought back from shareholders		(3,806)	-	-	(3,806)
Dividend reinvestment plan (DRP) shares allotted		325	-	-	325
Purchase of shares on-market for DRP		(325)	-	-	(325)
<b>Balance at 31 December 2019</b>	<b>6</b>	<b>196,487</b>	<b>(85,922)</b>	<b>26,732</b>	<b>137,297</b>

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

**Condensed Statement of Cash Flows for the half-year ended 31 December 2019**

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
<b>Cash flows from operating activities</b>		
Payments for purchase of investments	(45,012)	(40,089)
Proceeds from sale of investments	55,645	35,918
Dividends received	1,901	2,592
Interest received	13	92
Income tax paid	-	(4,117)
Management fees paid	(938)	(1,201)
Other payments	(1,610)	(1,286)
<b>Net cash provided in/(used in) operating activities</b>	<b>9,999</b>	<b>(8,091)</b>
<b>Cash flows from financing activities</b>		
Payments for buyback of shares	(3,831)	-
Purchases of shares on-market for DRP	(325)	(1,053)
Dividend paid net of amounts reinvested	(2,128)	(6,299)
Repayment of convertible notes	(26,500)	-
Net proceeds from wholesale note issue	26,203	-
<b>Net cash used in financing activities</b>	<b>(6,581)</b>	<b>(7,352)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,418</b>	<b>(15,443)</b>
Cash and cash equivalents at the beginning of the half-year	2,732	15,455
<b>Cash and cash equivalents at the end of the half-year</b>	<b>6,150</b>	<b>12</b>
<b>Non-cash activities - Dividend reinvestment</b>	<b>-</b>	<b>-</b>

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

## Notes to the Condensed Financial Statements

### 1. Summary of Significant Accounting Policies

These interim financial statements and notes for the half-year represent those of NAOS Small Cap Opportunities Company Limited. The condensed financial statements were authorised for issue by the Directors on 20 February 2020.

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

#### **a) Basis of Preparation**

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

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

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

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

#### **b) Prior Year Comparatives**

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements. Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified to conform with current period presentation. In particular, during the current financial period, cash flows from purchase and sale of investments have been reclassified from investing activities to operating activities to be consistent with generally accepted industry practice.

#### **c) Statement of Compliance**

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

#### **d) Details of Reporting Half-year**

The current reporting period is the half year ended 31 December 2019. For the condensed Statement of Profit or Loss and Other Comprehensive Income, condensed Statement of Changes in Equity and the condensed Statement of Cash Flows, the previous corresponding period is the half-year ended 31 December 2018. For the condensed Statement of Financial Position, the previous corresponding date is 30 June 2019.

#### **e) Reporting Currency**

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

#### **f) Going Concern Basis**

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

## Notes to the Condensed Financial Statements

## 2. Adoption of New and Revised Accounting Standards

## New or amended Accounting Standards and Interpretations adopted in the current period

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These Standards and Interpretations did not have a material impact on these financial statements.

## New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

## 3. Income

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Gain/(loss) on financial assets at fair value through profit or loss	26,806	(22,909)
Interest income	11	73
Dividend income	1,650	3,493
<b>Total income/(loss)</b>	<b>28,467</b>	<b>(19,343)</b>

## 4. Dividends Paid or Payable

## Half-year ended 31 December 2019

	Dividend (cents per share)	Total amount \$'000	% Franked	Date of payment
2019 Final dividend (declared on 22 August 2019)	0.50	826	100%	16 September 2019
2020 First quarterly interim dividend (declared on 17 October 2019)	1.00	1,626	100%	19 November 2019

## Half-year ended 31 December 2018

	Dividend (cents per share)	Total amount \$'000	% Franked	Date of payment
2018 Final dividend (declared on 23 August 2018)	3.00	5,070	100%	19 September 2018
2019 First quarterly interim dividend (declared on 16 October 2018)	1.35	2,281	100%	19 November 2018

Since the end of the period, the Directors have declared a quarterly interim fully franked dividend of 1.00 cent per share, payable on 18 March 2020.

## 5. Investments in Financial Instruments

## a) Financial Assets at Fair Value through Profit or Loss

	As at 31 December 2019 \$'000	As at 30 June 2019 \$'000
Investment in listed equities	153,020	128,271
Investment in listed unit trusts	4,090	13,364
<b>Total</b>	<b>157,110</b>	<b>141,635</b>

## Notes to the Condensed Financial Statements

### 5. Investments in Financial Instruments (continued)

#### b) Financial Liabilities at Fair Value through Profit or Loss

There were no financial liabilities at fair value through profit or loss as at 31 December 2019 (30 June 2019: \$nil).

#### c) Disclosed Fair Values

For all financial instruments their carrying value approximates fair value.

#### d) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

##### Level 1:

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

##### Level 2:

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

##### Level 3:

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

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

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

#### Financial Assets at Fair Value through Profit & Loss

	31 December 2019			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets</b>				
Investment in listed equities	153,020	-	-	153,020
Investment in listed unit trusts	4,090	-	-	4,090
<b>Total</b>	<b>157,110</b>	<b>-</b>	<b>-</b>	<b>157,110</b>

  

	30 June 2019			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets</b>				
Investment in listed equities	128,271	-	-	128,271
Investment in listed unit trusts	13,364	-	-	13,364
<b>Total</b>	<b>141,635</b>	<b>-</b>	<b>-</b>	<b>141,635</b>

## Notes to the Condensed Financial Statements

## 6. Issued Capital

	31 December 2019		30 June 2019	
	No. of shares	\$'000	No. of shares	\$'000
Issued and paid up capital - Ordinary shares	161,319,859	196,487	166,936,029	200,293

## Movements in Ordinary Share Capital

Date	Details	No. of shares	\$'000
01 July 2018	Opening balance	168,995,806	201,504
	Shares allotted under Dividend Reinvestment Plan	(2,065,587)	1,546
	Purchase of shares on-market for Dividend Reinvestment Plan	2,065,587	(1,546)
	Shares bought back	(2,059,777)	(1,211)
30 June 2019	Closing balance	166,936,029	200,293
01 July 2019	Opening balance	166,936,029	200,293
	Shares allotted under Dividend Reinvestment Plan	460,185	325
	Purchase of shares on-market for Dividend Reinvestment Plan	(460,185)	(325)
	Shares bought back	(5,616,170)	(3,806)
31 December 2019	Closing balance	161,319,859	196,487

## 7. Accumulated Losses and Reserves

## a) Accumulated Losses

	Half-year ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
Opening balance	(82,456)	(64,754)
Profit/(loss) for the period attributable to shareholders of the Company	18,099	(17,702)
Transfer of profits to profit reserve	(21,565)	-
Balance at the end of the reporting period	(85,922)	(82,456)

## b) Profits Reserve

	Half-year ended 31 December 2019 \$'000	Year ended 30 June 2019 \$'000
Opening balance	7,620	18,592
Transfer of profits during the period	21,565	-
Dividends paid	(2,453)	(10,972)
Balance at the end of the reporting period	26,732	7,620



## Notes to the Condensed Financial Statements

### 8. Segment Information

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

### 9. Commitments and Contingencies

There are no commitments or contingencies at 31 December 2019 (30 June 2019: \$ nil).

### 10. Key Management Personnel and Related Party Transactions

Remuneration arrangements of key management personnel are disclosed in the 2019 annual financial report:

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
	\$	\$
<b>Directors' remuneration</b>	42,500	42,500

### Management Fees

In return for the performance of its duties as investment manager of the Company, the Investment Manager is entitled to be paid a monthly management fee equal to 0.0958% (excluding GST) of the gross value of the portfolio calculated on the first business day of each month representing an annualised management fee of 1.15% (excluding GST) per annum of the average gross value of the portfolio. At its discretion and subject to shareholder approval, the Investment Manager may elect to be paid in shares.

The following management fees were paid or payable to the Investment Manager during the half-year ended 31 December 2019:

- Management fees of \$957,562 (for the half-year ended 31 December 2018: \$1,030,960) (including GST and RITC\*) were incurred during the half-year.
- Management fees payable at 31 December 2019 amounted to \$171,760 (30 June 2019: \$151,883) (including GST and RITC\*).

### Performance Fees

In the event that the investment portfolio outperforms the Benchmark Index (being the S&P/ASX Small Ordinaries Accumulation Index), the Investment Manager is entitled to an annual performance fee equal to 20% (excluding GST) of the amount the portfolio outperforms the Benchmark Index. No performance fee is payable if the portfolio underperforms the Benchmark Index. Any underperformance to the Benchmark Index is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee.

No performance fees were paid or payable to the Investment Manager for the half-year ended 31 December 2019 (2018: \$nil).

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

## Notes to the Condensed Financial Statements

### 11. Borrowings

During the period the 265,000 listed convertible notes (ASX: NSCG) with a total face value of \$26.5 million were fully redeemed by the Company prior to their expiry date of 31 March 2020. The Company also completed the issue of \$27 million unsecured wholesale notes with a 5-year term, carrying an interest entitlement of 4.95% per annum. Terms of the wholesale notes are regulated under a trust deed between the Company and Equity Trustees Limited.

### 12. Subsequent Events

Since the end of half-year, the Directors have declared a quarterly interim fully franked dividend of 1.0 cent per share, payable on 18 March 2020. There has been no other matter or circumstances occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

## Directors' Declaration

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

In the opinion of the Directors:

- the condensed financial statements and notes are in accordance with the Corporations Act 2001 including compliance with Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company for the financial half-year ended 31 December 2019; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Sebastian Evans

Director

20 February 2020

## Corporate Information

### Directors

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

### Company Secretary

Rajiv Sharma (resigned 10 July 2019)  
Laura Newell (appointed 10 July 2019)  
Sebastian Evans (appointed 10 July 2019)

### Registered Office

Level 34, MLC Centre  
19 Martin Place  
Sydney NSW 2000

### Investment Manager

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### Share Registry

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225 George Street  
Sydney NSW 200  
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### Auditor

Deloitte Touche Tohmatsu  
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