

**Future Generation Investment Company  
Limited  
(formerly Future Generation Investment Fund  
Limited)**

ABN 97 063 935 553

**Appendix 4D  
Preliminary report for  
the half-year ended 31 December 2014**

## Half-year report

This half-year report is for the reporting period from 1 July 2014 to 31 December 2014. The previous corresponding half-year period was 1 July 2013 to 31 December 2013.

					\$'000
Revenue from ordinary activities	Up	652.85%	to		1,852
Profit before tax attributable to members	Up	140.90%	to		1,077
Profit from ordinary activities after tax attributable to members	Up	114.94%	to		792

### Dividends

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2014 interim	30c	1,862	16/10/2013	21/10/2013	100
2014 interim	48.89c	3,035	16/10/2013	21/10/2013	100

No dividends have been paid or were payable during the financial period.

### Net tangible assets

	31 December 2014 \$ *
NTA (per share) after all estimated tax balances	1.079
NTA (per share) before all deferred taxes	1.068

\* Due to the changes in the Company's shareholdings and the relevant consolidation during the period, the NTA for the comparative period is not presented.

### Brief explanation of results

#### Financial Performance

The operating profit before tax, and before unrealised gains on investments, was higher during the period due to investment income received from unlisted unit trusts, rebates on management and performance fees and interest on term deposits. These were adjusted for the accrual of donations to be made to Australian charities with a focus on children at risk, in line with the objectives of the Company. The charity donation accrual will be paid out to selected charities in early 2015/2016 financial year.

#### Key events for the period ended 31 December 2014

##### *Activity in shares pre-consolidation*

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

**Future Generation Investment Company Limited**  
**Appendix 4D**  
**For the half-year ended 31 December 2014**  
(continued)

*Activity in shares post-consolidation*

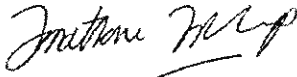
Upon completion of the share consolidation as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014, the Company has consolidated every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. The consolidation occurred on 3 September 2014.

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share.

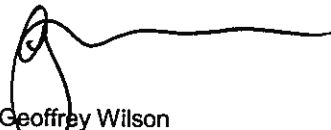
On 1 September 2014, A.C.N. 159 615 719 Limited, a previously controlled entity, was deregistered with ASIC and its assets transferred to the Company during the period.

On 15 September 2014, the securities of the Company were reinstated to official quotation. Options were issued and are exercisable at \$1.10 each on or before 16 September 2016.

On 4 December 2014, the Company changed its name from Future Generation Investment Fund Limited to Future Generation Investment Company Limited.



Jonathan Trollip  
Chairman



Geoffrey Wilson  
Director

Sydney  
6 February 2015

**Future Generation Investment Company  
Limited  
(formerly Future Generation Investment Fund  
Limited)**

ABN 97 063 935 553

**Interim Report  
for the half-year ended 31 December 2014**

# **Future Generation Investment Company Limited (formerly Future Generation Investment Fund Limited)**

ABN 97 063 935 553

## **Interim Report - for the half-year ended 31 December 2014**

### **Contents**

	Page
Directors' Report	1
Auditor's Independence Declaration	3
Interim Financial Statements	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	15
Independent Auditor's Review Report to the Shareholders	16

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Future Generation Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## **Directors' Report**

Your Directors present their report together with the financial report of Future Generation Investment Company Limited (formerly Future Generation Investment Fund Limited) ("the Company") for the half-year ended 31 December 2014.

### **Directors**

The following persons held office as Directors of Future Generation Investment Company Limited during the financial period:

Jonathan Trollip (Chairman) (appointed 8 October 2013)  
Gabriel Radzyninski (Non-Executive Director) (appointed 8 October 2013)  
Paul Jensen (Non-Executive Director) (appointed 8 October 2013)  
Geoffrey Wilson (Non-Executive Director) (appointed 7 July 2014)

### **Principal activities**

The principal activity of the Company is to primarily invest in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies with the aim to make a financial contribution to charities supporting children at risk.

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

### **Review of operations**

The operating profit before tax, and before unrealised gains on investments, was \$1.077 million to 31 December 2014 compared to a loss of \$2.633 million in the previous half-year. This profit consists largely of distributions, rebates on management and performance fees and interest income on term deposits adjusted by charity donation accrual and other operating expenses.

The net result after tax and unrealised investment movements was a loss of \$1.5 million, compared to a loss of \$5.3 million in the 2013 half-year period.

The Net Tangible Asset Backing before all deferred tax balances as at 31 December 2014 was 106.8 cents per share.

### **Significant changes in the state of affairs**

The following changes occurred during the half-year ended 31 December 2014:

#### *Activity in shares pre-consolidation*

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

**Significant changes in the state of affairs (continued)**

*Activity in shares post-consolidation*

Upon completion of the share consolidation as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014, the Company has consolidated every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. The consolidation occurred on 3 September 2014.

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share.

On 1 September 2014, A.C.N. 159 615 719 Limited, a previously controlled entity, was deregistered with ASIC and its assets transferred to the Company during the period.

On 15 September 2014, the securities of the Company were reinstated to official quotation. Options were issued and are exercisable at \$1.10 each on or before 16 September 2016.

On 4 December 2014, the Company changed its name from Future Generation Investment Fund Limited to Future Generation Investment Company Limited.

**Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

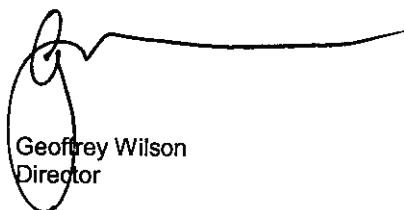
**Auditor's Independence Declaration**

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 report is made in accordance with a resolution of Directors.



Jonathan Trollip  
Chairman



Geoffrey Wilson  
Director

Sydney  
6 February 2015



## Auditor's Independence Declaration

As lead auditor for the review of Future Generation Investment Company Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read "Chris", written over a light blue horizontal line.

Christopher Lewis  
Partner  
PricewaterhouseCoopers

Melbourne  
6 February 2015

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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**Future Generation Investment Company Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2014**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income from ordinary activities</b>		
Interest	533	246
Distributions	669	-
Investment manager fee rebate	650	-
	<u>1,852</u>	<u>246</u>
<b>Expenses</b>		
Board administrative expenses	-	(31)
Directors' fees	-	(194)
Director retirement expense	-	(5)
Investment expenses	-	(13)
Strategic initiatives costs	-	(1,170)
ASX fees	(48)	(32)
Accounting fees	(4)	(25)
Share registry fees	(43)	(321)
Audit fees	(19)	(26)
Insurance	(30)	(690)
Tax fees	-	(147)
Investor relations expenses	(6)	(125)
Amortisation expense	(2)	-
Charity donation accrual	(618)	-
Other expenses	(5)	(95)
Finance expenses	-	(5)
	<u>(775)</u>	<u>(2,879)</u>
<b>Profit/(loss) before income tax</b>	<b>1,077</b>	<b>(2,633)</b>
Income tax expense	4 <u>(285)</u>	<u>(2,667)</u>
<b>Net profit/(loss) for the period</b>	<b><u>792</u></b>	<b><u>(5,300)</u></b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Net unrealised losses on investments taken to equity, net of tax	<u>(2,294)</u>	-
<b>Other comprehensive loss for the period, net of tax</b>	<b><u>(2,294)</u></b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b><u>(1,502)</u></b>	<b><u>(5,300)</u></b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		
Basic earnings/(loss) per share *	<b>0.69</b>	<b>(1.87)</b>
Diluted earnings/(loss) per share *	<b>0.69</b>	<b>(1.87)</b>

\* Due to the changes in the Company's shareholdings and the relevant consolidation during the period, the calculation of basic and diluted earnings/(loss) per share for all periods presented were adjusted for these changes.

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

**Future Generation Investment Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2014**

		At 31 December 2014 \$'000	30 June 2014 \$'000
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		29,731	3,330
Trade and other receivables		1,257	6
Current tax assets		-	68
Other current assets		19	8
<b>Total current assets</b>		<b>31,007</b>	<b>3,412</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	3	165,901	-
Deferred tax assets		2,156	203
Intangible assets		12	-
<b>Total non-current assets</b>		<b>168,069</b>	<b>203</b>
<b>Total assets</b>		<b>199,076</b>	<b>3,615</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		20	317
Charity donation accrual		618	-
Current tax liabilities		141	-
<b>Total current liabilities</b>		<b>779</b>	<b>317</b>
<b>Net assets</b>		<b>198,297</b>	<b>3,298</b>
<b>EQUITY</b>			
Issued capital	5	200,029	3,528
Reserves		(6,075)	(3,781)
Retained earnings		4,343	3,551
<b>Total equity</b>		<b>198,297</b>	<b>3,298</b>

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

**Future Generation Investment Company Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2014**

	Notes	Issued capital \$'000	Investment portfolio revaluation reserve \$'000	Other reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2013</b>		116,569	-	(35,476)	46,404	127,497
Net loss for the period		-	-	-	(5,300)	(5,300)
<b>Other comprehensive income for the period</b>						
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	(5,300)	(5,300)
<b>Transactions with owners in their capacity as owners:</b>						
Return of capital		(112,989)	-	-	-	(112,989)
Dividends provided for or paid	6	-	-	-	(4,897)	(4,897)
		(112,989)	-	-	(4,897)	(117,886)
<b>Balance at 31 December 2013</b>		<b>3,580</b>	<b>-</b>	<b>(35,476)</b>	<b>36,207</b>	<b>4,311</b>
<b>Balance at 1 July 2014</b>		3,528	-	(3,781)	3,551	3,298
Net profit for the period		-	-	-	792	792
<b>Other comprehensive income for the period</b>						
Other comprehensive loss, net of tax		-	(2,294)	-	-	(2,294)
<b>Total comprehensive loss for the period</b>		-	(2,294)	-	792	(1,502)
<b>Transactions with owners in their capacity as owners</b>						
Contributions of equity, net of transaction costs and tax	5	198,590	-	-	-	198,590
Buy-back of ordinary shares, net of tax	5	(2,089)	-	-	-	(2,089)
		196,501	-	-	-	196,501
<b>Balance at 31 December 2014</b>		<b>200,029</b>	<b>(2,294)</b>	<b>(3,781)</b>	<b>4,343</b>	<b>198,297</b>

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

**Future Generation Investment Company Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2014**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Interest received	403	246
Other income	38	5,350
Income tax refund	74	-
Income taxes paid	-	(1,369)
Payments for other expenses	(482)	(4,077)
<b>Net cash inflow from operating activities</b>	<b>33</b>	<b>150</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of investments	(169,000)	-
Payments for intangible assets	(14)	-
<b>Net cash (outflow) from investing activities</b>	<b>(169,014)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and options exercised	5      201,201	-
Payments for shares bought back	5      (2,089)	-
Share issue and buy-back transaction costs	5      (3,730)	-
Payment upon return of capital	-	(112,989)
Dividends paid to the Company's shareholders	6      -	(4,897)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>195,382</b>	<b>(117,886)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,401</b>	<b>(117,736)</b>
Cash and cash equivalents at the beginning of the period	3,330	123,081
<b>Cash and cash equivalents at the end of the period</b>	<b>29,731</b>	<b>5,345</b>

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

## **1 General information**

Future Generation Investment Company Limited (formerly Future Generation Investment Fund Limited) was incorporated in Australia under the Constitution dated 14 November 2007.

The registered office of the Company is located at Level 11, 139 Macquarie Street, Sydney NSW 2000.

The interim financial statements for the period ended 31 December 2014 comprise the Company, Future Generation Investment Company Limited. On 1 September 2014, A.C.N. 159 615 719 Limited, a previously controlled entity, was deregistered with ASIC and its assets transferred to the Company during the period.

The comparative 31 December 2013 information comprised the group, consisting of the Company and its controlled entities below:

- Australian Infrastructure Fund Trust (AIFT)
- A.C.N. 159 615 719 Limited

The comparative 30 June 2014 information comprised the group, consisting of the Company and its controlled entity, A.C.N. 159 615 719 Limited. These include the results of AIFT for the period 1 July 2013 to 19 February 2014, at which point, the Company lost control of AIFT.

### **Significant changes in the current reporting period**

#### *Activity in shares pre-consolidation*

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

#### *Activity in shares post-consolidation*

Upon completion of the share consolidation as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014, the Company has consolidated every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. The consolidation occurred on 3 September 2014.

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share.

On 1 September 2014, A.C.N. 159 615 719 Limited, a previously controlled entity, was deregistered with ASIC and its assets transferred to the Company during the period.

On 15 September 2014, the securities of the Company were reinstated to official quotation. Options were issued and are exercisable at \$1.10 each on or before 16 September 2016.

On 4 December 2014, the Company changed its name from Future Generation Investment Fund Limited to Future Generation Investment Company Limited.

## **2 Summary of significant accounting policies**

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

### **(a) Basis of preparation of half-year report**

These interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Future Generation Investment Company Limited is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Future Generation Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

#### *(i) New and amended standards adopted by the Company*

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### *(ii) Impact of standards issued but not yet applied by the Company*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through other comprehensive income. The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. The Company has not yet decided when to adopt AASB 9.

### **(b) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, has been identified as the Board of Directors, which makes strategic decisions.

The Company's previous reportable operating segment was in the cash and term deposits segment. As at 31 December 2014, the Company's reportable operating segment was the investments in unlisted unit trusts.

### **(c) Revenue recognition**

#### *(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 period they are incurred.

#### *(ii) Interest income*

Interest income is recognised using the effective interest method.

#### *(iii) Trust distributions*

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

#### *(iv) Other income*

Investment manager fee rebate is recognised in the Statement of Comprehensive Income on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (d) Investments and other financial assets

#### **Classification**

##### *(i) Financial assets at fair value through other comprehensive income*

The Company has designated long-term investments in unlisted unit trusts as "fair value through other comprehensive income". All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income.

#### **Recognition and derecognition**

Purchases and sales of financial assets 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 its fair value. Transaction costs of financial assets carried at fair value through other comprehensive income are directly attributable to the acquisition of the financial asset.

Subsequent changes in fair value for financial assets at fair value through other comprehensive income are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long-term holding of equity investments. When an investment is disposed, the cumulative gain or loss, net of tax thereon, is recognised in the investment portfolio realised gains/losses reserve.

#### **Determination of Fair Value**

AASB 13 *Fair Value Measurement* 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 Board of Directors values the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.

### (e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

## 2 Summary of significant accounting policies (continued)

### (e) Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (f) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the interim financial statements. Amounts in the interim financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (g) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current half year disclosures.

## 3 Fair value measurements

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

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

- Financial assets at fair value through other comprehensive income (FVTOCI)

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 (consistent with the hierarchy applied to financial assets and financial liabilities):

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

#### (i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2014 on a recurring basis.

At 31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets at FVTOCI				
Unlisted unit trusts	-	165,901	-	165,901
<b>Total financial assets</b>	-	165,901	-	165,901

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



### 3 Fair value measurements (continued)

#### (a) Fair value hierarchy (continued)

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.

#### (b) Valuation techniques used to derive level 2 and level 3 fair values

##### (i) Recurring fair value measurements

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

### 4 Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2014 is 26%, compared to 101% for the six months ended 31 December 2013. The higher tax rate in the prior year was the result of capital gains derived from the investment in AIFT.

### 5 Issued capital

#### (a) Share capital

	31 December 2014 Number '000	30 June 2014 Number '000	31 December 2014 Number '000	30 June 2014 Number '000
Ordinary shares	183,836	620,734	200,029	3,528

#### (b) Other equity securities

	31 December 2014 Number '000	31 December 2013 Number '000
Options	181,636	-

## 5 Issued capital (continued)

### (c) Movements in ordinary share capital

Date	Details	Number of shares '000	\$'000
1/07/2013	Opening balance	620,734	116,569
	Costs of raising capital	-	(52)
	Return of capital	-	(112,989)
	Closing balance	<u>620,734</u>	<u>3,528</u>
1/07/2014	Opening balance	620,734	3,528
	Issue of shares - Wilson Foundation Pty Limited	5(g) 200,000	1,000
	Share buyback - off market	5(e) (417,750)	(2,089)
	Cancellation of shares	5(f) (401,148)	-
		<u>1,836</u>	<u>2,439</u>
	Issue of shares	5(g) 181,818	200,000
	Exercise of options - proceeds received	5(h) 182	201
	Costs of raising capital	-	(2,611)
	Balance	<u>183,836</u>	<u>200,029</u>

### (d) Movements in options

Details	31 December 2014 Number '000
Opening balance	-
Options issued	181,818
Options exercised	(182)
<b>Balance</b>	<u>181,636</u>

### (e) Buy-back

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

### (f) Cancellation of shares

Upon completion of the share consolidation as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014, the Company has consolidated every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. The consolidation occurred on 3 September 2014.

## 5 Issued capital (continued)

### (g) Shares issue

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share.

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

### (h) Options

The options are exercisable at \$1.10 each on or before 16 September 2016.

### (i) Placement capacity

During the AGM on 28 November 2014, the shareholders approved an additional 10% placement capacity. As at period end, there were no proceeds received.

## 6 Dividends

### (a) Dividends paid or payable during the reporting period

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2014 interim	30c	1,862	16/10/2013	21/10/2013	100
2014 interim	48.89c	3,035	16/10/2013	21/10/2013	100

No dividends have been paid or were payable during the financial period.

## 7 Contingencies

The Company had no contingent liabilities at 31 December 2014 (2013: transactions as per Implementation Deed completed on 19 February 2014).

## 8 Commitments

The Company has a commitment to accrue and pay a 1.0% charity donation to support Australian charities with a focus on children at risk. The donation is accrued monthly and paid annually in arrears and is calculated using the Company's net assets before tax. The accrual commenced on 8 September 2014 which is the date when the Company shares were issued.

## 9 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

**Future Generation Investment Company Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2014**


In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 14 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-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.

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



Jonathan Trollip  
Chairman



Geoffrey Wilson  
Director

Sydney  
6 February 2015



## **Independent auditor's review report to the members of Future Generation Investment Company Limited (formerly Future Generation Investment Fund Limited)**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Future Generation Investment Company Limited (the Company), which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

### ***Directors' responsibility for the half-year financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 Australian 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Future Generation Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of 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.

### ***Independence***

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

### ***Conclusion***

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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- a) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the company for the half-year ended 31 December 2014 included on Future Generation Investment Company Limited's web site. The company's directors are responsible for the integrity of the Future Generation Investment Company Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'C Lewis'.

Christopher Lewis  
Partner

Melbourne  
6 February 2015