

Continuation Investments Limited

29 August 2014

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By E-Lodgement

Continuation Investments APPENDIX 4E – PRELIMINARY FINAL REPORT

Results for Announcement to the Market

The operating results for the year to 30 June 2014 are shown with comparisons to the previous corresponding period, being the year ended 30 June 2013.

| | Year ended 30 June 2014 \$ | Year ended 30 June 2013 \$ | Percentage increase / (decrease) over previous corresponding period |
|--|----------------------------------|----------------------------------|---|
| Revenue from ordinary activities | 64,976 | 73,249 | (11.3)% |
| Earnings before interest, taxation, depreciation and amortisation (EBITDA) | (240,201) | (261,972) | (8.3)% |
| Profit/(loss) from ordinary activities after tax attributable to members | (240,201) | (261,972) | (8.3)% |
| Net profit/(loss) for the period attributable to members | (240,201) | (261,972) | (8.3)% |

Dividends

No dividends were paid during the financial year. The Board advises that it does not intend to declare a final dividend for the financial year, and it will consider reinstating the dividend policy in the future, subject to performance.

CAPITAL STRUCTURE

Shares: 19.86m
Options: 2.25m
Cash: \$1.48m (June 2014)
Debt: Nil

BOARD & MANAGEMENT

Mr Jeremy King
Chairman

Mr Andrew Worland
Non-Executive Director

Mr David Church
Non-Executive Director

Ms Sarah Smith
Company Secretary

REGISTERED OFFICE
945 Wellington Street
West Perth
WA 6005

CONTACT DETAILS
Tel: +61 8 9322 7600
Fax: +61 8 9322 7602

SHARE REGISTRY
Automic Registry Services
7 Ventnor Avenue
West Perth
WA 6005

ASX CODE
COT

Net Tangible Assets / Earnings Per Share

| | 30 June 2014 | 30 June 2013 |
|--|--------------|--------------|
| Net tangible assets per ordinary share | 7.48 cents | 8.67 cents |
| Basic earnings per ordinary share | (1.2) cents | (1.4) cents |

Independent Audit Report

The information outlined above is presented in accordance with ASX Listing Rule 4.3A and the *Corporations Act 2001 (Corporations Act)*. The Appendix 4E is based on the audited Annual Financial Report for the year ended 30 June 2014. The Independent Audit Report is included in the Annual Financial Report attached.

Accounting Policies, Estimation Methods and Measurements

The accounting policies, estimation methods and measurement bases used in the Appendix 4E is the same as those used in the previous annual report and half-year report.

Yours faithfully



Jeremy King
Chairman

Continuation Investments Limited

ABN 91 106 854 175

Annual Report

For the year ended 30 June 2014

Contents

| | |
|---|----|
| Corporate Information | 1 |
| Directors Report | 2 |
| Auditor's Independence Declaration..... | 16 |
| Independent Auditor's Report..... | 17 |
| Statement of Comprehensive Income..... | 19 |
| Statement of Financial Position..... | 20 |
| Statement of Cash Flows | 21 |
| Statement of Changes in Equity | 22 |
| Notes to the Financial Statements | 23 |
| Corporate Governance Statement | 39 |
| ASX Additional Information | 44 |
| Members Information | 45 |

Corporate Information

Directors

Jeremy King – Non-executive Chairman
Andrew Worland – Non-executive Director
David Church – Non-executive Director

Company Secretary

Sarah Smith
Tel: (08) 9322 7600

Registered Office

945 Wellington Street
West Perth WA 6005

Postal Address

PO Box 1263
West Perth WA 6872

Share Registry

Automic Share Registry
Level 1, 7 Ventnor Avenue
West Perth WA 6872
Tel: 08 9324 2099

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000
Telephone: (08) 9261 9100

Bankers

Westpac Banking Corporation
Level 9, 109 St Georges Terrace
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Stock Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code COT

Country of Incorporation

Australia

Directors Report

Your Directors present their report on Continuation Investments Limited (COT) for the financial year ended 30 June 2014.

Directors

The names of the Directors in office during the financial year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr. Jeremy King – (Non-executive Chairman)
Mr. Andrew Worland – (Non-executive Director)
Mr. David Church – (Non-executive Director)

Principal Activities

COT is a 'listed investment company' under the listing rules of the Australian Securities Exchange. The Company's principal activities during the year involved the review of new investment opportunities and consideration of its investment strategies. All investments during the financial year were held in cash or term deposits as the most stable form of liquid investment.

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Review of Operations

The Statement of Comprehensive Income shows a net loss attributable to members of \$240,201 (2013: \$261,972) for the year ended 30 June 2014. Basic and diluted earnings per share was a loss of 1.21 cents, compared with earnings per share of a loss of 1.32 cents for the previous financial year.

The net assets of the Company have decreased by \$240,201 since 30 June 2013 to \$1,480,408 as at 30 June 2014. The net tangible asset backing of the Company as at 30 June 2014 was 7.45 cents per share (2013: 8.66 cents per share).

The Company's principal activities during the year involved the review of new investment opportunities and consideration of its investment strategies. All investments during the financial year were held in cash or term deposits as the most stable form of liquid investment.

In August 2013, DMX Corporation Limited (DMX) announced an unsolicited and conditional proportional takeover offer to acquire 2 out of every 3 shares held by each COT shareholder. The Company announced on 17 September 2013 that shareholders controlling not less than 72.3% intended to reject the offer, meaning that DMX's 30% minimum acceptance condition could not be met. As a result of this DMX withdrew its offer on 30 September 2013.

On 25 November 2013, DMX announced a second unsolicited and conditional takeover offer to acquire all the ordinary shares held by each COT shareholder for 7.2 cents per share. The Company released a Target Statement on 20 December 2013 including confirmation that shareholders controlling not less than 65.4% intended to reject the offer. The offer closed on 18 February 2014 with conditions not being satisfied, in particular the 50.1% minimum acceptance condition.

Directors Report (continued)

In defending the two unsolicited and opportunistic takeover bids during the half-year, the Company incurred legal and corporate costs of approximately \$50,000.

Significant Changes in State Of Affairs

There were no significant changes in the Company's state of affairs occurred during the financial year.

Events Subsequent to Balance Date

Subsequent to year end, the Company entered into a binding Heads of Agreement to acquire a medical technology company, The BioFusionary Corporation, Inc. (TBC) (Acquisition).

The Acquisition is subject to a number of conditions precedent including the Company raising a minimum of A\$5,000,000 (Capital Raising) in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules.

TBC has developed a powerful new and proprietary electromagnetic induction technology platform that is expected to offer tools for medical practitioners to shape, tighten, fuse and seal tissues, addressing multi-billion dollar market opportunities in aesthetics and surgery.

TBC has achieved FDA clearance for its first product, the BioFusionary Bebe™, and, subject to the successful re-compliance program and Capital Raising, first sales are anticipated to be achieved the US in Q4 2014 prior to a global launch in 2015. The BioFusionary Bebe™ is a non-invasive energy-based cosmetic skin rejuvenation system designed to provide a safe, effective alternative to current skin rejuvenation procedures. In the months of July and August 2014, the Company has invested a total of \$US300,000 into TBC as part of the acquisition terms.

The acquisition of TBC will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of TBC.

Other than the above, no matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the Company's operations or results in future years, or the company's state of affairs in future years.

Environmental Issues

The Company's operations are not subject to any significant environmental regulations under the law of the Commonwealth and State.

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.

Likely Developments and Expected Results of Operations

The Company's activities going forward will depend upon the successful completion of the acquisition of TBC, and will be consistent with the new business meeting its objectives. The acquisition will result in a change in the Company's nature and scale of activities, and re-compliance with the ASX Listing Rules.

Directors Report (continued)

Information on Directors

| | |
|--|--|
| Director Name & Title | - Jeremy King Non-executive Director |
| Qualifications | - LLB |
| Experience | <p>- Mr King is a director of Grange Consulting Group Pty Ltd where he specialises in corporate advisory, strategic advice and managing legal issues associated with Grange's clients. Mr King is a corporate lawyer with over 12 years' experience in domestic and international legal, financial and corporate matters.</p> <p>He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings.</p> |
| Direct Interest in Shares and Options | - 445,240 Ordinary Shares 1,250,000 Unlisted Options (\$0.20; 31 December 2015) |
| Indirect Interest in Shares and Options | - 1,414,171 Ordinary Shares |
| Current Directorships | - Smart Parking Limited (ASX:SPZ), Orca Energy Limited (ASX:OGY) |
| Former Directorships held in past three years | - Glory Resources Limited (ASX:GLY) |

Directors Report (continued)

Information on Directors (cont'd)

| | |
|--|---|
| Director Name & Title | - Andrew Worland Non-executive Director |
| Qualifications | - B.Com, Grad Diploma of Applied Corporate Governance |
| Experience | - Mr Worland holds a B.Com (UWA) and has nearly 20 years' experience in the resources industry working in corporate, finance, project development and operations roles in exploration, development stage and producing ASX and TSX listed mining companies across base and precious metals, bulk commodities and strategic minerals. Mr Worland was GM Corporate and Marketing and Company Secretary for ASX listed Moly Mines from 2004-2012 and is currently GM Project Finance and Strategy with ASX listed Toro Energy Limited. |
| Direct Interest in Shares and Options | - 757,888 Ordinary Shares 1,000,000 Unlisted Options (\$0.20; 31 December 2015) |
| Indirect Interest in Shares and Options | - 556,962 Ordinary Shares |
| Current Directorships | - None |
| Former Directorships held in past three years | - None |

| | |
|--|--|
| Director Name & Title | - David Church Non-executive Director |
| Qualifications | - LLB |
| Experience | - Mr Church has over 10 years' experience in Australia with Clayton Utz, and in the UK and Hong Kong, with Linklaters, advising corporates and investment banks alike on cross border mining and financial services transactions across Europe and Asia. Mr Church is currently head of Mergers and Acquisitions and General Counsel for Regent Pacific Group Limited, a Hong Kong listed mining investment house. He has led and advised on a variety of international mining and mining related acquisitions and divestments since joining Regent Pacific in 2008. |
| Direct Interest in Shares and Options | - 694,872 Ordinary Shares |
| Indirect Interest in Shares and Options | - Nil |
| Current Directorships | - None |
| Former Directorships held in past three years | - None |

Directors Report (continued)

Director Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the period are:

| | Number of Meetings Eligible to Attend | Number of Meetings Directors' attended |
|--|--|---|
| Number of Meetings Held¹ | 1 | 1 |
| Number of Meetings Attended | | |
| Director | | |
| Mr. Jeremy King | 1 | 1 |
| Mr. Andrew Worland | 1 | 1 |
| Mr. David Church | 1 | 1 |

¹ During the financial year, the Directors met regularly to discuss all matters associated with investment strategy, review of opportunities, and other Company matters on an informal basis.

Retirement, election and continuation in office of directors

In accordance with the Constitution, Mr. Worland and Mr. King retire as Directors at the annual general meeting and, being eligible, offer themselves for re-election.

Company Secretary

Ms. Sarah Smith is an employee of Grange Consulting Group Pty Ltd which provides a range of corporate and financial services to listed and unlisted companies.

Directors Report (continued)

Shares under Option

Unissued ordinary shares of COT under option at the date of this report are as follows:

| Date Options Granted | Expiry Date | Issue Price of Shares | Number Under Option |
|----------------------|------------------|-----------------------|---------------------|
| 30 November 2012 | 31 December 2015 | \$0.20 | 2,250,000 |
| Total | | | 2,250,000 |

Shares Issued on the Exercise of Options

There were no options exercised during the financial year.

Insurance of Officers

During the financial year, the Company paid a premium of \$13,875 to insure the Directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Group

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.

Directors Report (continued)

Officers of the Company who are former audit partners of RSM Bird Cameron Partners

There are no officers of the company who are former audit partners of RSM Bird Cameron Partners.

Non Audit Services

The Board has considered the non-audit services provided during the year by the auditor (as disclosed in note 7 of the financial statements) and is satisfied that the provision of those non audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and is included within this financial report.

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

Directors Report (continued)

Remuneration Report (Audited)

A Principles used to determine the nature and amount of remuneration

The Board has elected not to establish a remuneration committee based on the size of the organisation. The Directors did not receive any remuneration during the financial year. Should the Company's activities change such that they require further consideration of remuneration, the following items would be considered in Board meetings at that appropriate junction:

- specific recommendations to the Board on remuneration of Directors and senior officers;
- recommendations in relation to the terms and conditions of employment for the Executive Director;
- undertake a review of the Executive Director's performance, at least annually, including setting with the Executive Director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the recommendations of the Executive Director on the remuneration of all direct reports; and
- develop and facilitate a process for Board and Director evaluation.

Non-executive Directors

Non-executive Directors' fees and payments are reviewed regularly by the Board in light of demands of the Directors from time to time and the financial condition of the Company.

Directors' Fees

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$250,000 per annum.

The following fees have applied:

Base fees for period 1 July 2013 – 30 June 2014

| | |
|-------------------------|-----|
| Non-executive Directors | Nil |
|-------------------------|-----|

Additional fees

A Director may also be paid fees or other amounts as the Directors determines if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. No additional fees were paid during the financial period.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their Directorship or any special duties.

Directors Report (continued)

Remuneration report (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Executive pay

The Company does not currently employ any Executives. As a policy, in determining executive remuneration, the Board would endeavour to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

Executive remuneration would be comprised of base pay and benefits, including superannuation.

Base pay

There are currently no Executives employed by the Company.

Benefits

No benefits other than noted above are paid to Directors or management except as incurred in normal operations of the business.

Long term incentives

Options are issued at the Board's discretion. Other than options disclosed in section D of the remuneration report, no options have been issued in the current financial year and to the date of this financial report to Directors, employees or consultants.

Remuneration consultants

No remuneration consultants were used by the Company during the year.

Directors Report (continued)

Remuneration report (cont'd)

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel of the Company are found below:

Mr Jeremy King
Mr Andrew Worland
Mr David Church

Key Management personnel and other Executives of the Company and the Group

| | Short-Term Employee Benefits | Post- Employment Benefits | Share-Based Payments | Total | Total Remuneration Represented By Options |
|--|------------------------------------|---------------------------------|-------------------------|-------|--|
| 30 June 2014 | Cash Salary & Fees | Superannuation Pensions | Options | | |
| | \$ | \$ | \$ | \$ | % |
| <i>Non-Executive Directors</i> | | | | | |
| Jeremy King ¹ | - | - | - | - | - |
| Andrew Worland ¹ | - | - | - | - | - |
| David Church ² | - | - | - | - | - |
| Sub-Total | | | | | |
| Non-Executive Directors | - | - | - | - | - |
| <i>Executive Directors (nil)</i> | - | - | - | - | - |
| Total Key Management Personnel Compensation (group) | - | - | - | - | - |

¹ Mr King and Mr Worland voluntarily ceased their Non-executive Directors fees on 1 November 2012. They have not received any Directors fees since their appointment including for the current financial period ended 30 June 2014.

² Mr Church was appointed on 2 April 2013. He has not received any Directors fees since his appointment including for the current financial period ended 30 June 2014.

Performance based remuneration

As provided above, there was no fixed or performance related remuneration paid or payable to key management personnel during the year.

Directors Report (continued)

Remuneration report (cont'd)

| | Short-Term Employee Benefits | Post- Employment Benefits | Share-Based Payments | Total | Total Remuneration Represented By Options |
|---|------------------------------------|---------------------------------|-------------------------|----------------|--|
| 30 June 2013 | Cash Salary & Fees | Superannuation Pensions | Options | | |
| | \$ | \$ | \$ | \$ | % |
| <i>Non-Executive Directors</i> | | | | | |
| Jeremy King ¹ | 6,667 | - | 26,065 | 32,732 | 79.63 |
| Andrew Worland ¹ | 8,333 | - | 20,852 | 29,185 | 71.45 |
| David Church ³ | - | - | - | - | - |
| Richard Ochojski ⁴ | 18,745 | - | - | 18,745 | - |
| Sub-Total | | | | | |
| Non-Executive Directors | 33,745 | - | 46,917 | 80,662 | |
| <i>Executive Directors</i> | | | | | |
| Andrew Worland ² | 40,000 | 3,600 | - | 43,600 | - |
| Total Key Management Personnel (group) | 73,745 | 3,600 | 46,917 | 124,262 | |

¹ Mr King and Mr Worland voluntarily ceased their Directors fees on 1 November 2012.

² Mr Worland held a full time executive position with COT between 1 January 2013 and 30 April 2013 in an effort to fast track the Company's investment efforts. Mr Worland voluntarily terminated his own services agreement effective 30 April 2013. He has since not received any Directors fees.

³ Mr Church was appointed on 2 April 2013. He has not received any Directors fees for the period.

⁴ Mr Ochojski resigned on 2 April 2013.

C Service agreements

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the Director.

Directors Report (continued)

Remuneration report (cont'd)

D Share-based compensation

Options

Options over shares in the Company are granted at the Directors' discretion.

2014

No shares or options were granted during the year.

2013

Details of options over ordinary shares in the Company provided as remuneration to each Director of the Company, and each of the key management personnel of the Company at the date of this financial report are set out below. The issue of these options were approved by COT shareholders at the November 2012 annual general meeting.

| Director | No of Options | Exercise Price | Expiry Date | Fair Value |
|----------------|------------------|----------------|------------------|-----------------|
| Jeremy King | 1,250,000 | \$0.20 | 31 December 2015 | \$26,065 |
| Andrew Worland | 1,000,000 | \$0.20 | 31 December 2015 | \$20,852 |
| | 2,250,000 | | | \$46,917 |

When exercisable, each option is convertible into one ordinary share of COT.

Options granted carry no dividend or voting rights.

Directors Report (continued)

Remuneration report (cont'd)

D Share-based compensation (cont'd)

Options (cont'd)

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

E Shareholdings of key management personnel

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

| Name | Balance as at 1 July 2013 | Additions | Disposals | Received as remuneration | Balance as at 30 June 2014 |
|----------------|------------------------------|-----------|-----------|-----------------------------|-------------------------------|
| Jeremy King | 1,429,871 | 370,150 | - | - | 1,800,021 |
| Andrew Worland | 1,314,850 | - | - | - | 1,314,850 |
| David Church | 694,872 | - | - | - | 694,872 |
| | 3,439,593 | 370,150 | - | - | 3,809,743 |

F Option holdings of key management personnel

The number options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

| Name | Balance as at 1 July 2013 | Additions | Disposals | Received as remuneration | Balance as at 30 June 2014 |
|----------------|------------------------------|-----------|-----------|-----------------------------|-------------------------------|
| Jeremy King | 1,250,000 | - | - | - | 1,250,000 |
| Andrew Worland | 1,000,000 | - | - | - | 1,000,000 |
| David Church | - | - | - | - | - |
| | 2,250,000 | - | - | - | 2,250,000 |

G Other transactions with key management personnel and their related parties

In connection with ongoing company secretarial assistance and administrative assistance which included assistance in preparing and lodging ASX and ASIC documents, financial management services, corporate advisory services in relation to the entitlement issue, Board minutes, notice of meetings, organising shareholder meetings, other shareholder communications and other administrative assistance, Grange Consulting Group Pty Ltd was paid fees totalling \$120,883, excluding GST (2013: \$113,175).

Directors Report (continued)

Jeremy King is a Director of Grange Consulting. These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

H Additional information

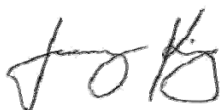
Voting and comments made at the Company's 2013 Annual General Meeting

In accordance with Listing Rule 3.12.2, it is confirmed that the following resolutions put to the AGM of Continuation Investments Limited shareholders, held on 28 November 2013, were unanimously passed on a show of hands:

| | |
|---------------|--|
| Resolution 1: | Adoption of Remuneration Report |
| Resolution 2: | Approval of 10% Placement Capacity |
| Resolution 3: | Re-election of Director – Andrew Worland |
| Resolution 4: | Re-election of Director – David Church |
| Resolution 5: | Pre-Approval of Share Placement |
| Resolution 6: | Change of Company Name |

End of Remuneration Report

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors.



Jeremy King
Non-executive Chairman

Dated: 29 August 2014
Perth

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

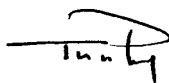
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Continuation Investments Limited for the year ended 30 June 2014, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 29 August 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CONTINUATION INVESTMENTS LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Continuation Investments Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 Continuation Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Continuation Investments 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

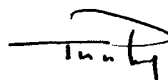
We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Continuation Investments Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 29 August 2014

Statement of Comprehensive Income

For the year ended 30 June 2014

| | Note | 2014 \$ | 2013 \$ |
|--|------|------------------|------------------|
| Revenue | | | |
| Interest | | 64,976 | 73,249 |
| Total revenue | | 64,976 | 73,249 |
| Expenses | | | |
| Share based payment expense | | - | (46,917) |
| Directors' fees | | - | (73,745) |
| Legal fees | | (51,708) | (250) |
| Other operating expenses | | (253,469) | (214,309) |
| Total Expenses | | (305,177) | (335,221) |
| Loss before income tax | | (240,201) | (261,972) |
| Income tax expense | 8 | - | - |
| Loss for the year | | (240,201) | (261,972) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive loss for the year | | (240,201) | (261,972) |
| Earnings Per Share | | | |
| Basic and diluted earnings per share (cents) | 9 | (1.21) | (1.32) |

The above statement of comprehensive income is to be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2014

| | Note | 2014 \$ | 2013 \$ |
|----------------------------------|------|--------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 2 | 1,694,530 | 1,957,308 |
| Trade and other receivables | 3 | 18,323 | 30,869 |
| TOTAL CURRENT ASSETS | 3 | 1,712,853 | 1,988,177 |
| TOTAL ASSETS | | 1,712,853 | 1,988,177 |
| LIABILITIES | | | |
| Trade and other payables | 4 | 232,445 | 267,568 |
| TOTAL CURRENT LIABILITIES | 4 | 232,445 | 267,568 |
| TOTAL LIABILITIES | | 232,445 | 267,568 |
| NET ASSETS | | 1,480,408 | 1,720,609 |
| EQUITY | | | |
| Issued capital | 6 | 23,148,894 | 23,148,894 |
| Accumulated losses | | (21,668,486) | (21,428,285) |
| TOTAL EQUITY | | 1,480,408 | 1,720,609 |

The above statement of financial position is to be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2014

| | Note | 2014 \$ | 2013 \$ |
|---|------|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 64,976 | 42,380 |
| Other expenses paid | | (305,441) | (285,186) |
| Net cash (used in) / provided by operating activities | 10 | (240,465) | (242,806) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Capital return payment | | (22,313) | (5,927) |
| Entitlement issue | | - | 701,130 |
| Costs of entitlement issue | | - | (25,500) |
| Net cash provided by / (used in) financing activities | | (22,313) | 669,703 |
| Net increase / (decrease) in cash and cash equivalents held | | (262,778) | 426,897 |
| Cash and cash equivalents at beginning of financial year | | 1,957,308 | 1,530,411 |
| Cash and cash equivalents at end of financial year | 2 | 1,694,530 | 1,957,308 |

The above statement of cash flows is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2014

| | Issued Capital | Accumulated Losses | Total |
|--------------------------------|----------------|--------------------|-----------|
| | \$ | \$ | \$ |
| 2014 | | | |
| Balance at 1 July 2013 | 23,148,894 | (21,428,285) | 1,720,609 |
| Loss for the year | - | (240,201) | (240,201) |
| Total comprehensive loss | - | (240,201) | (240,201) |
| Balance at 30 June 2014 | 23,148,894 | (21,668,486) | 1,480,408 |
| 2013 | | | |
| Balance at 1 July 2012 | 22,426,347 | (21,166,313) | 1,260,034 |
| Loss for the year | - | (261,972) | (261,972) |
| Total comprehensive loss | - | (261,972) | (261,972) |
| Option Reserve | 46,917 | | 46,917 |
| Shares issued during the year | 701,130 | - | 701,130 |
| Costs of issued capital | (25,500) | - | (25,500) |
| Balance at 30 June 2013 | 23,148,894 | (21,428,285) | 1,720,609 |

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Continuation Investments Limited is a company domiciled in Australia. The Company's registered office is 945 Wellington Street, West Perth, WA 6005. The Company's financial statements are for the year ended 30 June 2014.

The financial report was authorised for issue on 29 August 2014 by the Directors of the Company.

1. Statement of Significant Accounting Policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards means that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements cover Continuation Investments Limited which is a listed public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical costs with the exception of the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has applied.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current, additional information regarding this is included in the relevant notes.

Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

(iv) Available-for-sale investments (cont'd)

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Taxation

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

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

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

Taxation (cont'd)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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.

Revenue and other income

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. Dividend revenue is recognised when the right to receive a dividend has been established.

The realised gains or losses on the sale of the trading portfolio represent the difference between the net proceeds and the net fair value of the investments at the prior year end or cost if acquired during the year.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

Goods and Services Tax (GST) (cont'd)

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 ATO 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Share 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.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take in to account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

As there is no income tax effect in the current or prior year, there is no variation between basic and diluted earnings per share.

Functional and Presentation Currency

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

Operating Segments

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

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. In the opinion of the Directors, there are no critical accounting estimates and judgements in this financial report.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2014. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

New Accounting Standards and Interpretations not yet mandatory or early adopted (cont'd)

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The company will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the company.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the company.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (cont'd)

New Accounting Standards and Interpretations not yet mandatory or early adopted (cont'd)

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the company.

2. Cash and Cash Equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

| | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 1,694,530 | 1,957,308 |
| Balance as per Statement of Cash flows | 1,694,530 | 1,957,308 |

The credit risk of the company in relation to cash is the carrying amount and any unpaid interest.

3. Trade and Other Receivables

| | 2014 | 2013 |
|-------------------|---------------|---------------|
| | \$ | \$ |
| Accrued income | 12,738 | 30,869 |
| Other receivables | 5,585 | - |
| | 18,323 | 30,869 |

Notes to the Financial Statements (continued)

3. Trade and Other Receivables (cont'd)

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk of the Company in relation to receivables is the carrying amount.

4. Trade and Other Payables

| | 2014 | 2013 |
|--|----------------|----------------|
| | \$ | \$ |
| Unpresented cheques from past distributions ** | 206,862 | 227,458 |
| GST payable | - | 3,575 |
| Trade creditors and other payables | 25,583 | 36,535 |
| | 232,445 | 267,568 |

** The Company holds cash which it is not entitled, being unpresented cheques from past distributions upon which it earns interest until they are claimed or pass to the relevant authorities, after an appropriate period, as unclaimed monies.

5. Tax

Unrecognised carried forward tax losses

| | 2014 | 2013 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Tax losses (Taxation Benefit) | 7,063,575 | 7,011,708 |

Carried forward tax losses have not been recognised because it is presently not considered probable that future taxable profit will be available against which the company can utilise the benefits therein.

6. Issued Capital

| | No. | \$ |
|-------------------------------------|-------------------|-------------------|
| Opening balance – 1 July 2012 | 5,842,758 | 22,426,347 |
| Options issued | - | 46,917 |
| Entitlements issue | 14,022,619 | 701,130 |
| Capital raising costs | - | (25,500) |
| Closing balance – 30 June 2013 | 19,865,377 | 23,148,894 |
| Changes during the financial period | - | - |
| Closing balance – 30 June 2014 | 19,865,377 | 23,148,894 |

Notes to the Financial Statements (continued)

6. Issued Capital (cont'd)

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. Shareholders are entitled to one vote per share when a poll is called at shareholder meetings. Otherwise each Shareholder has one vote on a show of hands.

Capital Management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital includes ordinary share capital and financial liabilities supported by financial assets.

The net working capital position of the Company as at 30 June 2014 was \$1,480,408.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt. As at 30 June 2014, the Company has \$1,694,530 of cash and cash equivalents and no debt. The Board believes this is sufficient working capital to allow it to identify and pursue investment opportunities as they arise.

7. Auditors' Remuneration

| | 2014 | 2013 |
|---|---------------|---------------|
| | \$ | \$ |
| Remuneration of the auditor of the company for: | | |
| <i>RSM Bird Cameron Partners</i> | | |
| - auditing and reviewing the financial report | 19,050 | 19,500 |
| - tax compliance | 1,800 | 4,119 |
| | 20,850 | 23,619 |

Notes to the Financial Statements (continued)

8. Income Tax Expense

The prima facie tax on profit loss before income tax is reconciled to the income tax expense as follows:

| | 2014 | 2013 |
|---|-------------|-------------|
| | \$ | \$ |
| Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%) | (72,060) | (78,591) |
| Add: | | |
| Tax effect of: | | |
| - temporary differences | 5,439 | 1,908 |
| - non-deductible expenses | 20,606 | 6,425 |
| | (46,015) | (70,258) |
| Less: | | |
| Tax effect of: | | |
| - temporary differences | 3,521 | 9,261 |
| Tax losses not brought to account | (49,536) | (79,519) |
| Income tax expense | - | - |

The applicable weighted average effective tax rates are as follows:

0% 0%

9. Earnings per Share

- a) Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share.

| | 2014 | 2013 |
|---|-------------|-------------|
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share | 19,865,377 | 18,195,397 |

- b) Diluted earnings per share is equivalent to basic earnings per share. Options on issue are not dilutive as the company has made a loss for the year.

Notes to the Financial Statements (continued)

10. Cash Flow Information

Reconciliation of result for the year to cash flows from operating activities:

| | 2014 | 2013 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| (Loss)/Profit for the year | (240,201) | (261,972) |
| Non-cash flows in profit: | | |
| - Share-based payment | - | 46,917 |
| Changes in assets and liabilities: | | |
| - trade and other receivables | 12,546 | (28,240) |
| - prepayments | - | 11,562 |
| - trade and other payables | (12,810) | (11,073) |
| Cash flow from operations | (240,465) | (242,806) |

11. Related Party Information

a) Key management personnel

The names of the persons who were key management personnel of the Company during the financial year were:

Jeremy King
Andrew Worland
David Church

b) Key management personnel remuneration

| | 2014 | 2013 |
|----------------------|----------|----------------|
| | \$ | \$ |
| Base salary and fees | - | 73,745 |
| Superannuation | - | 3,600 |
| Share based payments | - | 46,917 |
| | - | 124,262 |

c) Other transactions with key management personnel and their related parties

In connection with ongoing company secretarial assistance and administrative assistance which included assistance in preparing and lodging ASX and ASIC documents, financial management services, corporate advisory services in relation to the entitlement issue, Board minutes, notice of meetings, organising shareholder meetings, other shareholder communications and other administrative assistance, Grange Consulting Group Pty Ltd was paid fees totalling \$120,883, excluding GST (2013: \$113,175).

Jeremy King is a Director of Grange Consulting. These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements (continued)

12. Segment Information

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

13. Financial Risk Management

The Company's financial instruments comprise mainly of deposits with banks, trading portfolio, accounts receivable and payable.

The Company's activities expose it to a variety of financial risks: market risk (including price risk), credit risk and liquidity risk.

The Investment Manager reviews and agrees policies for managing each of these risks and they are summarised below. The Investment Manager also monitors the market price risk arising from all financial instruments.

a) Credit risk

The standard defines this 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 statement.

There are no other material amounts of collateral held as security at 30 June 2014.

Credit risk is managed as provided in Note 3 with respect to receivables and Note 2 with respect to cash assets. None of these assets are overdue or considered to be impaired.

b) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Board continuously monitor the cash flow requirements daily in relation to the trading account taking into account upcoming dividends, tax payments and trading activity.

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to Shareholders, the level of both of these is managed by the Board.

Furthermore, at reporting date, the Company holds predominately cash assets which can be used to settle any financial liabilities that fall due.

Notes to the Financial Statements (continued)

13. Financial Risk Management (cont'd)

The table below analyses the Company's non-derivative financial liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the yearend date. The amounts in the table are contractual undiscounted cash flows.

| | Less than 1 Month | | More than 1 Month | | Total | |
|--|-------------------|----------------|-------------------|----------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | |
| Trade and other payables | 232,445 | 267,568 | - | - | 232,445 | 267,568 |
| Total contractual outflows | 232,445 | 267,568 | - | - | 232,445 | 267,568 |

c) Market risk

The standard defines this as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests, the Company can never be free of market risk as it invests its capital in securities which are not risk free the market price of these securities can fluctuate.

As at 30 June 2014 there are no securities held by the Company therefore this risk is seen to be minimal.

The Company is not directly exposed to currency risk as all its investments are quoted in Australian Dollars.

d) 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.

Sensitivity analysis interest rate risk.

An increase of 75 basis points in interest rates as at the reporting date (assuming a flat tax rate of 30 percent) would have increased the company's equity and revenue from bank interest by \$12,678 (2013: \$14,544). A decrease of 75 basis points would have an equal but opposite effect.

Notes to the Financial Statements (continued)

14. Events After the Reporting Period

Subsequent to year end, the Company entered into a binding Heads of Agreement to acquire a medical technology company, The BioFusionary Corporation, Inc. (TBC) (Acquisition).

The Acquisition is subject to a number of conditions precedent including the Company raising a minimum of A\$5,000,000 (Capital Raising) in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules.

TBC has developed a powerful new and proprietary electromagnetic induction technology platform that is expected to offer tools for medical practitioners to shape, tighten, fuse and seal tissues, addressing multi-billion dollar market opportunities in aesthetics and surgery.

TBC has achieved FDA clearance for its first product, the BioFusionary Bebe™, and, subject to the successful re-compliance program and Capital Raising, first sales are anticipated to be achieved the US in Q4 2014 prior to a global launch in 2015. The BioFusionary Bebe™ is a non-invasive energy-based cosmetic skin rejuvenation system designed to provide a safe, effective alternative to current skin rejuvenation procedures. In the months of July and August 2014, the Company has invested a total of \$US300,000 into TBC as part of the acquisition terms.

The acquisition of TBC will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of TBC.

Other than the above, there has not been in the interval between the end of the financial period and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

15. Contingent Liabilities and Commitments

The Directors are not aware of any potential liabilities or claims against the Company as at the date of the Directors' Report.

The Company does not have any commitments as at 30 June 2014.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
 - b) give a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date;

The Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chairman and Chief Financial Officer.

As at the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Jeremy King
Chairman, Director

Perth, Western Australia, 29 August 2014

Corporate Governance Statement

For the year ended 30 June 2014

This statement outlines the main corporate governance practices adopted by the Company, which comply with the ASX Corporate Governance Council Principles and Recommendations (2nd Edition, August 2007) unless otherwise stated.

The following Board policies and charters have been adopted by the Company:

- Board Charter
- Appointment and Selection of Directors Policy
- Code of Conduct and Ethics
- Audit and Risk Management Charter
- Remuneration Committee Charter
- Disclosure Policy
- Communication Policy
- Performance Evaluation Policy
- Trading Policy

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of the Company are considered to be independent when they are Non-executive Directors who are not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

In the context of Director independence, "materiality" is considered from both the Company and individual Director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Directors in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of COT are considered to be independent:

| Name | Position |
|--------------|------------------------|
| David Church | Non-executive Director |

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Recommendation 2.1 requires that "A majority of the Board should be independent Directors". The Board is not currently comprised of a majority of independent Directors. However, the Board considers that its current structure is appropriate given the size, nature and scope of the Company's activities. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional Directors as it deems appropriate and the Company's circumstances warrant.

Corporate Governance Statement (continued)

For the year ended 30 June 2014

Recommendation 2.3 requires that "the role of the Chair and Chief Executive Officer of the company should not be exercised by the same individual". The Company has not appointed a Chief Executive Officer due to the limited size of the Company's current operations. The Board may appoint a Chief Executive Officer, separate from the role of the Chair in the future if required.

Role of the Board

The Board's primary role is the protection and enhancement of long term shareholder value. To fulfil this role the Board seeks to address:

- The prudential control of the company's operations;
- The resourcing, review and monitoring of executive management;
- The timeliness and accuracy of reporting to shareholders; and
- The determination of the company's broad objectives.

Board Processes

The Board holds strategic meetings as and when necessitated by the Company's operations. The agenda for meetings is prepared through the input of the Chairman and the Company Secretary. Standing items include matters of compliance and reporting, financials, shareholder communications and investments strategy and outcomes. Submissions are circulated in advance.

Nomination and Remuneration Committee

The Company does not have a separate constituted nomination and remuneration committee. The Board, as a whole, serves as a nomination and remuneration committee and acts in accordance with the Nomination and Remuneration Committee Charter.

Pursuant to the charter, the nomination and remuneration responsibilities of the Board include:

- Conducting an annual review of the Board membership with regard to the present and future requirements of the Company and make recommendations as to composition and appointments;
- Review of Board succession plans, including succession of the Chairman, to maintain an appropriate balance of skills, experience and expertise;
- Conducting an annual review of the time required from Non-executive Directors, and whether the Directors are meeting this;
- Reviewing and recommending the overall strategies in relation to executive remuneration policies;
- Reviewing and making recommendations in respect of the compensation arrangements for all Directors and executive management;
- Conducting an annual review of the independence of Directors; and
- Recommendations to the Board on necessary and desirable competencies of Directors.

Recommendation 3.2 states that companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

Corporate Governance Statement (continued)

For the year ended 30 June 2014

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

Due to the small scale of the Company's operations and the limited number of employees, the Company has not established a Diversity Policy. However, as the Company develops, the Board will consider adopting such a policy.

Director Dealing in Company Shares

The Company encourages Directors to have a significant personal financial interest in Continuation Investments Limited, by acquiring and holding shares on a long term basis.

The Board has adopted the following policies concerning dealing in the Company's shares by Directors and officers.

- Insider trading laws prohibit Directors and their associates from dealing in the company's shares whilst in possession of price sensitive information that is not generally available.
- Directors and their associates are prohibited from trading in the company's shares during the period of seven days prior to the announcement of financial results, including the company's half year and full year results.

Independent Professional Advice and Access to Company Information

Each director has the right of access to all relevant company information and to the Company's service providers and subject to prior consultation with the Chairman, may seek independent professional advice at the company's expense. A copy of advice received by the director is made available to all other members of the Board.

Audit Committee

The Company does not have a separate constituted audit committee. The Board as a whole serves as an audit committee and acts in accordance with the Audit and Risk Management Charter.

Pursuant to the charter, the audit and risk management responsibilities of the Board include:

- Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
- Overseeing, co-ordinating and appraising the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
- Management process support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
- The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
 - Reviewing the terms of engagement, scope and auditor's independence;
 - Recommendations as to the appointment, removal and remuneration of an auditor; and
 - Reviewing the provision of non-audit services provided by the external auditor ensuring they do not adversely impact on audit independence.
- Review the Company's risk profile and assess the operation of the Company's internal control system.

Corporate Governance Statement (continued)

For the year ended 30 June 2014

Risk Management Policy

The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board takes a proactive approach to risk management and have a formal risk management policy to provide further guidance. The identification and proper management of risk within the Company is a priority for the Board and management.

The Board identifies the following business risks as having the potential to significantly or materially impact the company's performance (a) administrative risks including operational, compliance and financial reporting (b) market related risks.

Administrative Risks

The Company Secretary and the Board carefully monitor the Company's financial statements and notes to ensure they present a true and fair view, in all material respects, of the Company's financial position and operational results and that they have been prepared and maintained in accordance with relevant accounting standards and the Corporations Act 2001.

Market Risks

The Board is primarily responsible for recognising and managing market related risks. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free.

The Board performs a risk review on an annual basis to ensure that adequate controls are in place to mitigate risk associated with investment manager performance, market risk, fraud, transaction reporting errors, material reporting risks and compliance risk.

Ethical Standards

The Board expects all Directors to act professionally in their conduct and with the utmost integrity and objectivity. All Directors must comply with the company's code of conduct and ethics.

The Board monitors its outsourced service providers compliance with the company's code of conduct and ethics, which is documented in the Corporate Governance policies adopted by the Company.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of Directors, changes to the constitution and are able to receive annual and interim financial statements if requested. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Continuation Investments Limited, to lodge questions to be responded by the Board, and are able to appoint proxies.

Corporate Governance Statement (continued)

For the year ended 30 June 2014

Shareholder Communications

The Board and the Company Secretary are responsible for ensuring the Company complies with its continuous disclosure obligations and informs Shareholders of all major developments affecting the company's state of affairs through market announcements to ASX.

As a minimum, net asset backing per share is released to the ASX by the 14th day following each month end. Where possible all continuous disclosure releases to the ASX are approved by a director and where necessary the Board. Where time does not permit approval by all members of the Board, the Chairman must approve the release.

Relevant parties associated with the Company have been made aware of these obligations and are required to report any price sensitive information to the Company Secretary immediately, once they become aware of it. The Company Secretary in consultation with a director will decide whether the information should be disclosed to the ASX.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

| Shareholders | Number of Shares |
|--|------------------|
| Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/Cc> | 2,561,420 |
| Bush wood Nominees Pty Ltd | 1,414,171 |
| Mr Andrew Worland | 757,888 |
| KO Nominees Pty Ltd <The Oldfield Knott Unit A/C> | 1,436,522 |

2. Voting Rights

Ordinary Shares

At a general meeting, on a show of hands, every ordinary member present in person shall have one vote for every share held. Proxies present at the meeting are not entitled to vote on a show of hands, but on a poll have one vote for every share held.

3. Distribution of Equity Security Holders

| Holding | Number of Shareholders | Number of Shares |
|------------------|------------------------|-------------------|
| 1 - 1,000 | 43 | 6,735 |
| 1,001 - 5,000 | 134 | 402,277 |
| 5,001 - 10,000 | 53 | 378,332 |
| 10,001 - 100,000 | 54 | 1,867,148 |
| 100,000 and over | 41 | 17,210,885 |
| | 325 | 19,865,377 |

There were 37 holders of less than a marketable parcel of ordinary shares as at 29 August 2014.

Members Information

Top 20 Shareholders as at 29 August 2014

| | Name | Number of Shares | % |
|----|--|-------------------|--------------|
| 1 | Mr Jason Peterson & Mrs Lisa Peterson <J&L Peterson S/F A/C> | 2,561,420 | 12.89 |
| 2 | Bushwood Nominees Pty Ltd | 1,414,171 | 7.12 |
| 3 | KO Nominees Pty Ltd <The Oldfield Knott Unit A/C> | 1,136,235 | 5.72 |
| 4 | Mr Andrew John Worland | 757,888 | 3.82 |
| 5 | Mr David Samuel Church | 694,872 | 3.50 |
| 6 | Barclay Wells <Nominee A/C> | 671,048 | 3.38 |
| 7 | Citicorp Nominees Pty Ltd | 657,950 | 3.31 |
| 8 | Mrs J Chiu-Yueh Hsu & Mr S Chia-Kuei Hsu <Kingbird Super A/C> | 607,359 | 3.06 |
| 9 | Colorado Investments Pty Ltd <Tarzali Superfund A/C> | 566,441 | 2.85 |
| 10 | Badlands Super Pty Ltd <Thunder Road Super Fund A/C> | 556,962 | 2.80 |
| 11 | Sean Timothy Keenan | 525,000 | 2.64 |
| 12 | Mrs Alison Jill Dennis | 500,000 | 2.52 |
| 13 | Pheakes Pty Ltd <Senate A/C> | 447,372 | 2.25 |
| 14 | Jeremy Philip King | 445,240 | 2.24 |
| 15 | Invia Custodian Pty Limited <Price Family Investment A/C> | 424,210 | 2.14 |
| 16 | Cornela Pty Ltd <Ian Macliver Super Fund A/C> | 357,898 | 1.80 |
| 17 | ACP Investments Pty Ltd <The ACP Investment A/C> | 357,000 | 1.80 |
| 18 | Pheakes Pty Ltd <Senate A/C> | 305,938 | 1.54 |
| 19 | KO Nominees Pty Ltd <The Oldfield Knott Unit A/C> | 300,287 | 1.51 |
| 20 | Stokes Partners Super Fund Pty Ltd <Stokes Partners S/Fund> | 277,808 | 1.40 |
| | | 13,565,099 | 68.28 |

Members Information (continued)

Registry

Share registry functions are maintained by Automic Share Registry and their details are as follows:

Level 1
7 Ventnor Avenue
Perth WA 6872
Shareholder enquiries telephone: (08) 9324 2099

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

Corporate Governance

The Company has followed all applicable best practice recommendations set by ASX Corporate Governance Council during the reporting period, unless otherwise stated.

Members Information (continued)

Unlisted Options as at 29 August 2014.

| | Name | Number of Options | % |
|---|-------------------|--------------------------|---------------|
| 1 | Mr Jeremy King | 1,250,000 | 55.56 |
| 2 | Mr Andrew Worland | 1,000,000 | 44.44 |
| | Total | 2,250,000 | 100.00 |