



ABN 99 113 332 942

23 November 2016

### **Chairman's AGM Address**

On behalf of my fellow Directors, I am pleased to welcome you to this meeting, my fourth as Chairman, and to provide you with this address today. At prior meetings, we have reported in an environment that required patience and caution due to market conditions. I believe that this year is something of a watershed and whilst global markets remain volatile, we are now positioned in a more favourable stage of the market in Western Australia for us to meet our objectives.

Firstly, I will recap the 2016 financial year results:

- Westoz Investment Company has recorded a modest pre-tax profit of \$103,019. This result was achieved after a good June half return on our portfolio offset the previously reported December half loss;
- We paid fully franked dividends of \$7,752,998 in respect of the period, representing 6.0 cents per share; and
- Net tangible assets of the company at 30 June 2016 stood at 99 cents per share after allowance for the 6 cents in dividends paid. This figure includes 7.7 cents in deferred tax assets.

The 2016 financial year saw the underlying economy, particularly in our Western Australian base of operations, continue to soften.

However, conditions in the later part of the financial year, most notably visible through a recovery in commodity prices, gave us some confidence that the worst was behind us for the markets we look at.

As I have seen several times over my 30 year involvement in financial markets, the best opportunities often present themselves when prospects appear bleak. After several difficult years, we now consider the environment is once again a fertile ground for our investment strategy.

We established our company in May 2005 with the objective of investing in ASX listed, small to mid capitalisation securities, generally with a connection to our Western Australian base of operations. We continue to believe that this focus will achieve our desired results and we have now returned to more favourable conditions for this strategy.

As we stand today, our portfolio composition reflects this view. Our levels of cash have reduced substantially and we have taken meaningful positions in a number of companies that we believe will generate high levels of returns.

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Recent results show this view has met with some success. Following on from the positive performance in the June half, I am pleased to report that the investment portfolio has continued its upward trajectory, gaining 12.9% in the four months to the end of October.

The portfolio performance has translated into an improved share price for our company, but I believe we are still impacted by investor caution towards Western Australian companies. We will not change our core focus and I have no doubt that when investors inevitably seek Western Australian exposure again, our company will further benefit.

Since inception in May 2005 our strategy has generated \$94 million in dividends to shareholders.

Our Fund Manager will now provide further information on the 2016 financial year and our current portfolio.

I thank you for your time today and look forward to providing further updates .

Thank you for your attention.

**JAY HUGHES**  
**Chairman**