WESTOZ INVESTMENT COMPANY LTD

2018

ANNUAL REPORT

WESTOZ
INVESTMENT COMPANY LIMITED


Fremantle

FINANCIAL HIGHLIGHTS

PORTFOLIO RETURN

39.1%

NET PROFIT AFTER TAX

$30.1m

FULLY FRANKED DIVIDEND

6.0 CENTS

FULLY FRANKED DIVIDEND YIELD

5.2%

CORPORATE DIRECTORY

REGISTERED OFFICE

Level 18, Alluvion
58 Mounts Bay Road
PERTH WA 6000

Telephone: (08) 9321 7877
Facsimile: (08) 9321 8288
Website: www.westoz.com.au

AUDITORS

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

BANKERS

Westpac Banking Corporation
109 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 749 533

BOARD OF DIRECTORS

Jay Hughes
Non-Executive Chairman

Terry Budge
Independent Non-Executive Director

Simon Joyner
Independent Non-Executive Director

Anthony Hewett
Company Secretary

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CHAIRMAN'S REPORT

AND THE PERIOD IN REVIEW

On behalf of my fellow Directors, I present the 2018 Annual Report for the Company.

Significant results from the year are:

- Westoz Investment Company Limited has recorded a pre-tax profit of $41,705,900 (2017: $21,812,641) and net profit after tax of $30,071,516 (2017: $16,156,375).
- Directors have declared a final dividend of 3.0 cents per share fully franked (2017: 3.0 cents). An interim dividend of 3.0 cent per share fully franked was paid in February 2018 (2017: 3.0 cents).
- Total assets of the company are $182,845,960 at 30 June 2018 (2017: $142,625,065).
- Net assets at 30 June 2018 stand at $160,293,165 (2017: $136,155,930). This figure includes deferred tax liabilities of $5,290,379 (2017: deferred tax assets of $4,243,903)
- Net assets per share was 122.5 cents per share at 30 June 2018 (2017: 105.6 cents). These figures are calculated by dividing the net assets as set out in the Statement of Financial Position by the number of ordinary shares on issue as at the reporting date and is after allowance for dividends and all costs.

For more detailed information on the investment performance of the company, I refer you to the Manager's Report on page 6.

The 2018 financial year has again been a productive one for equity markets. Despite a number of concerns at a macro level, the overall market rose 13.7% in value, with the index that tracks smaller companies rising 24.2%.

These market returns were based on improving global growth prospects and the continuation of a reasonably benign interest rate environment, although the spectre of political interference with free trade policies was emerging at years end. In the domestic market, sector rotation was evident, with the finance and telecommunications sectors out of favour with investors more interested in seeking commodity exposure.

Our investment strategy was again able to outpace the market returns, with our portfolio rising 39.1% for the year, calculated on a comparable basis to the market indices. Using a longer term timeframe and on a similar basis, we can now report a return of 13.8% p.a. return on the portfolio since the inception of our investment strategy in June 2005. This strategy remains anchored in our underlying belief that we can identify attractive investment opportunities from our base in Western Australia, through a range of market conditions. We believe that this focus will achieve our desired level of returns over the long term.

Whilst economic indicators in Western Australia still generally lag national averages, we are seeing some signs of improving conditions on the horizon. Commodity prices remain generally supportive, with a return to capital expenditure on major resource projects providing an incremental boost. A return to more normal economic conditions should provide support to our area of interest.

I encourage shareholders and other interested parties to participate in our shareholder communication program. If you have not already done so, you can register for our regular email updates at our website: www.westoz.com.au. We hope to provide useful information on our activities throughout the year and welcome feedback to enhance this.

I look forward to reporting on results as we move forward.

Yours sincerely

JAY HUGHES
Non-Executive Chairman

ABOUT WESTOZ

- Westoz Investment Company Limited is a listed investment company that focuses on producing a positive return on funds invested.
- It was formed on 11 March 2005 and raised its initial capital for investment in May 2005. As at 30 June 2018, it had $170,888,468 of assets in its investment portfolio.
- The company has appointed Westoz Funds Management Pty Ltd as manager to oversee the investment of its portfolio of assets. The manager is a wholly owned subsidiary of Euroz Limited, a listed company that operates as a diversified financial services company based in Western Australia.
- The investment mandate is to identify undervalued companies listed on the Australian Stock Exchange and to invest to produce a positive return. Because of the geographic location of the manager, it is anticipated that the majority of situations identified will have a connection to Western Australia and will have a market capitalisation of less than $1 billion.
- The manager is paid a base fee of 1% per annum of funds managed. In addition, a performance fee is payable where the increase in the Portfolio value exceeds 10% over a twelve month period to end of June and is calculated at 20% of the increase exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by $1.00.

INVESTMENT MANAGER'S REPORT

Portfolio Return

The assets of the company are managed to generate a positive return over the medium to long term regardless of the return from the broader Australian share market.

To assist in an assessment of performance, the rate of return before fees and taxes is calculated. The figure is calculated by dividing the gain (or loss) in value of the portfolio, net of external flows, by the average portfolio value over the period of measurement. Portfolio value is determined by reference to current market value of underlying investments. Monthly periods are used and then geometrically linked to arrive at an annual return. This figure is not audited.

The overall performance of the portfolio before fees and taxes on this basis over the 2018 financial year was 39.1% (2017: 20.1%). Since inception in 2005, the portfolio has generated an average geometric annual return of 13.8%.

It is the objective of the manager to produce positive investment returns over the medium to long term, thereby boosting the net asset backing per share (**NTA**) and allowing for the payment of dividends.

The figures presented for information regarding NTA are on a per share basis and after allowance for all realised and unrealised costs, dividends and deferred tax assets. These figures are included as they provide an indication of the underlying impact of the investment strategy on shareholders after all costs associated with the corporate structure.

Over the twelve months, this number rose from $1.056 at 30 June 2017 to $1.225 at 30 June 2018.

At 30 June 2018, a provision for payment of 3.0 cents per share by way of dividend was made. This dividend is expected to be paid in August 2018.

Asset Allocation

Cash levels as a percentage of total assets rose from 24% to 31% over the period. Industrial share exposure was steady at 39% with Resources exposure falling from 39% to 30%.

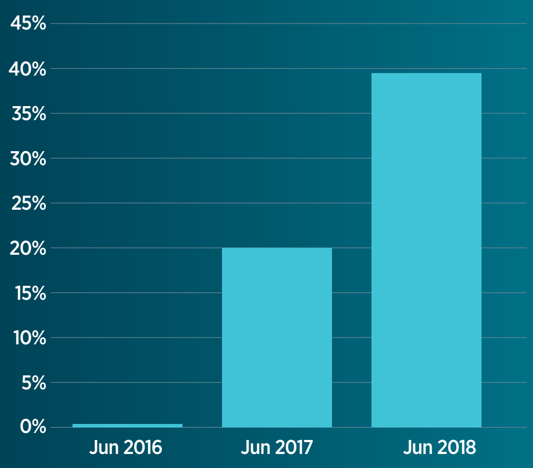
At years end, investments were held in 26 separate companies.

Outlook

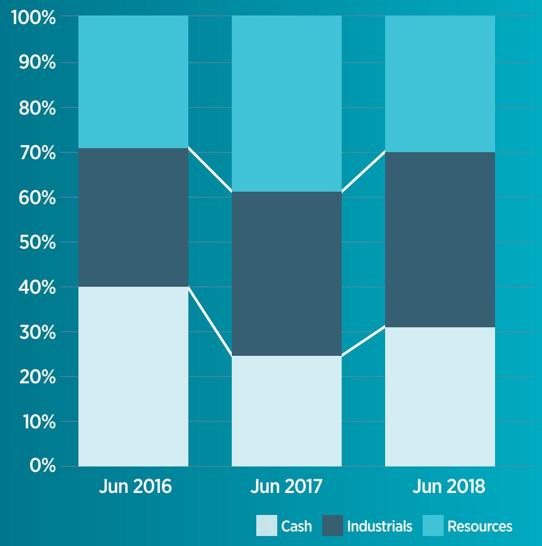
The last financial year saw our area of the equity market supported by generally benign economic conditions and firmer commodity prices. At years end, political wildcards have again emerged, with the impact of changing trade policies to flow through market expectations.

We believe that economic conditions will remain generally supportive, although the spectre of higher interest rates as growth returns to more normal levels could adversely impact market prices. We are comfortable with our relatively high cash levels as we enter the new year to take advantage of opportunities as they arise.

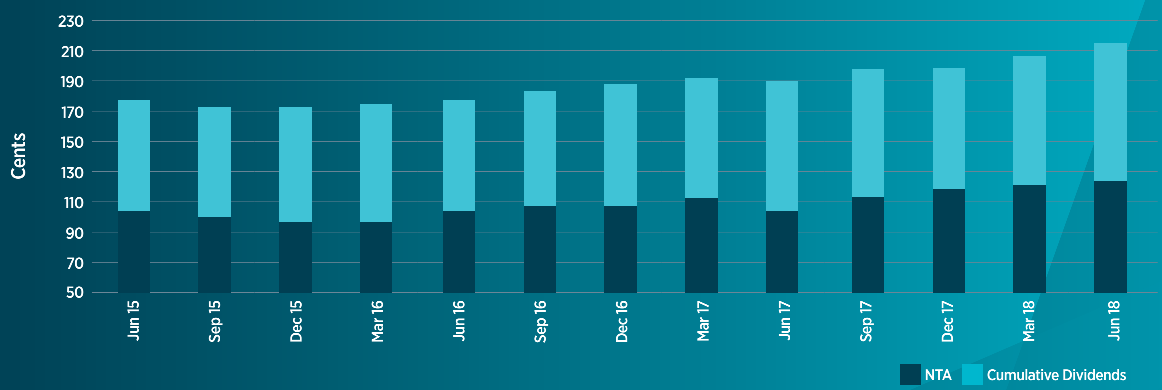
Portfolio Performance



Asset Allocation



Net Assets Per Share and Dividends



Investment Portfolio

Industrials	Number of Shares	Value Fair Value at 30 June 2018
Ausdrill Ltd	2,000,000	3,660,000
Austal Ltd	3,500,000	6,335,000
Australian Finance Group Ltd	2,568,317	3,582,802
Cedar Woods Properties Ltd	2,682,941	15,453,740
Finbar Group Ltd	12,019,973	11,479,074
Global Construction Services Ltd	3,400,000	2,414,000
IMF Bentham Ltd	437,170	1,311,510
Macmahon Holdings Ltd	29,438,408	6,182,066
MMA Offshore Ltd	6,500,000	1,657,500
NRW Holdings Ltd	3,000,000	5,070,000
Southern Cross Elect. Eng. Ltd	8,956,918	6,269,843
Zenith Energy Ltd	3,000,000	2,820,000
		66,235,535
Short Positions		(9,540,000)

Resources	Number of Shares	Value Fair Value at 30 June 2018
Australis Oil & Gas Ltd	47,790,000	21,744,450
Australis Oil & Gas Ltd Options	1,136,364	204,546
Berkeley Energia Ltd	2,200,000	1,606,000
Cooper Energy Ltd	20,000,000	7,500,000
Equatorial Resources Ltd	3,046,743	1,005,425
Jupiter Mines Ltd	9,000,000	3,465,000
Kingsgate Consolidated Ltd	5,703,440	1,596,963
Medusa Mining Ltd	1,865,833	914,258
Mount Gibson Iron Ltd	15,745,000	6,849,075
Neometals Ltd	10,805,454	3,187,609
Orecorp Ltd	17,020,000	3,063,600
Sundance Energy Australia Ltd	34,000,000	2,550,000
West African Resources Ltd	15,000,000	5,700,000
Western Areas Ltd	410,000	1,455,500
		60,842,426
Cash, inclusive of outstanding settlements and funds due from short sale		53,350,507
		170,888,468

2018 FINANCIAL REPORT

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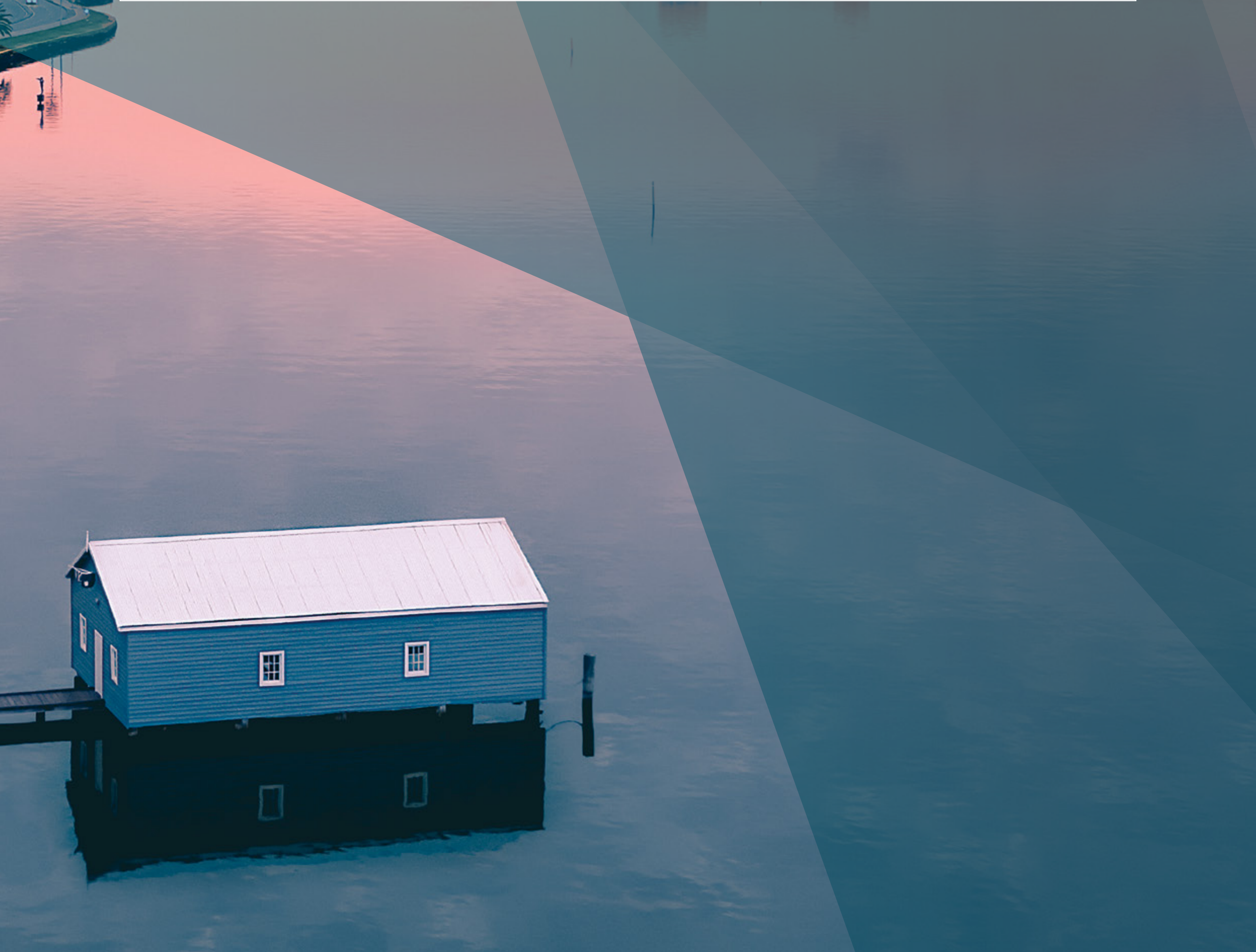

Your Directors submit their report for the year ended 30 June 2018.

1. DIRECTORS

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

Jay Hughes

Terry Budge

Simon Joyner

Mr Jay Hughes, Non-Executive Chairman

Mr Hughes is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He is an Executive Director of Euroz Limited (appointed 20 November 2000) and Non-Executive Director of Ozgrowth Limited (appointed 9 July 2007). Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from Financial Services Institute of Australasia (**FINSIA**). He was recognised as an affiliate of the Australian Securities Exchange (**ASX**) in December 2000 and was admitted in May 2004 as a Practitioner Member (Master Stockbroking) of the Stockbrokers and Financial Advisors Association of Australia (**SAFAA**).

Mr Terry Budge, Independent Non-Executive Director

Mr Budge is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He was a Director of Aspen Group Limited from 6 May 2005 to 23 November 2012. He was also Chancellor of Murdoch University from 2006 to 2013 (appointed to Senate 1 June 2004). Mr Budge holds a Bachelor of Economics from Monash University and is a Graduate of the Advanced Management Program from Harvard Business School. He is also a Graduate and Fellow of the Australian Institute of Company Directors and a Senior Fellow of FINSIA.

Mr Simon Joyner, Independent Non-Executive Director

Mr Joyner was appointed as a Non-Executive Director of the Company on 5 July 2016 and serves on the Company's Audit Committee. He is also a Non-Executive Director of Ozgrowth Limited (appointed 5 July 2016). Mr Joyner has a Bachelor of Commerce Degree, a Graduate Diploma in Applied Finance and Investment from FINSIA and a Diploma of Financial Planning.

Mr Anthony Hewett, Company Secretary

Mr Hewett was appointed as Company Secretary on 20 June 2017. Mr Hewett is a Chartered Secretary and holds a Master of Business Law (MBusLaw) from Curtin University, and a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia. In addition, Mr Hewett also holds qualifications in Financial Services, Leadership, and Training. Mr Hewett is a Fellow of the Institute of Chartered Secretaries and Administrators (FCSA), a Fellow of the Governance Institute of Australia (FGIA) and a Master Stockbroking (MSAFAA) of SAFAA.

2. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2018 and the numbers of meetings attended by each Director were as follows:

	Directors' Meetings Held During Period of Appointment	Directors' Meetings Attended During Period of Appointment	Audit Committee Meetings Held During Period of Appointment	Audit Committee Meetings Attended During Period of Appointment
Jay Hughes	11	11	2	2
Simon Joyner	11	11	2	2
Terry Budge	11	10	2	2

Due to the size of the Board and the nature of the Company's operations, it does not have a separate Remuneration Committee or Nomination Committee. Matters normally considered by these committees are addressed by the full Board.

Board of Directors' and Audit Committee meetings require that any two Directors or members be present to form a quorum.

3. PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the period, the principal activity of the economic entity was as an investment company.

4. OPERATING RESULTS

For the period ended 30 June 2018 the Company made an operating profit after tax of $30,071,516 (2017: $16,156,375).

5. DIVIDENDS

An interim dividend of $3,920,679 (3.0 cents per share) was paid on 20 February 2018 (2017: $3,872,606, 3.0 cents per share).

The Board of Directors has provided for the payment of a further dividend of $3,925,312 or 3.0 cents per share (2017: $3,870,168, 3.0 cents per share) in the 30 June 2018 financial statements.

6. REVIEW OF OPERATIONS

The financial results of the Company are driven by the gain or loss on its investment portfolio, which consists primarily of securities listed on the Australian Securities Exchange and short term cash deposits. Whilst the investment objective for the portfolio is to generate positive returns over the medium to long term, short term fluctuations in the broader equity market will influence results.

Apart from movements in the broader equity market, the key driver of income for the Company is the manager's ability to select appropriate investments. The majority of expenses are directly linked to the value of the portfolio managed and the level of return achieved.

For further information on the Company's operations, a Chairman's Report and Investment Managers Report is included on pages 4 to 7 of this Annual Financial Report. This, together with the sections headed "Significant Changes in State of Affairs" and "Events Subsequent to Balance Date", provide a review of operations of the Company during the period and subsequent to reporting date.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Company.

8. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As at 31 July 2018, the All Ordinaries Accumulation Index has risen approximately 1.2% since 30 June 2018.

There has not been any other matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods.

9. LIKELY DEVELOPMENTS AND FUTURE RESULTS

Future results will be driven by the outcome of the Company's investment strategy, which will in turn be influenced by the overall direction of equity markets. These returns are uncertain and will vary from year to year. The key risk to market returns will be influenced by a range of factors that cannot be predicted with any certainty and include the outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters and government regulation. Market risk is managed by periodically moving into and out of equity positions.

The Chairman's Report, Directors Report and the Review of Operations contains further information on recent and likely future developments and results.

10. DIRECTORS' INTERESTS

At the date of this report the interests of the Directors in the shares and options of the Company are:

Director	Shares
Jay Hughes	
Held directly or indirectly	951,500
Simon Joyner	
Held directly or indirectly	390,500
Terry Budge	
Held directly or indirectly	215,748

11. SHARE OPTIONS

During the period, 12,877,250 options with an exercise price of $1.05 expired unexercised on 31 August 2017. Prior to expiry, 5,601 of these options were exercised during the period.

As at the date of this report, the Company has 8,645,704 options on issue. The options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options are exercisable into 8,645,704 new ordinary shares in the Company that rank equally with other ordinary shares by the payment of $1.06 per option at any time up until expiry date of 31 August 2019. 1,842,543 of these options were exercised during the period. 2,398,571 of these options have been exercised in the current period since 30 June 2018.

Holders of Options will be permitted to participate in new issues of securities only following the prior exercise of the Option. An Option does not confer the right to a change in Exercise Price or a change in the number of Shares over which the Option can be exercised. In the event of any reconstruction (including consolidation, subdivision, reduction or returns) of the issued capital of the Company, the number of Options or Exercise Price or both shall be reconstructed in a manner consistent with the *Corporations Act 2001* and the ASX Listing Rules at the time of the reconstruction.

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Westoz Investment Company Limited has made a deed of indemnity for all the Directors of the Company against all losses or liabilities incurred by each Director in their capacities as Directors of the Company. The Company agreed to indemnify and keep indemnified the Director against all liabilities by the Director as a Director of the Company to the extent permitted under the *Corporations Act 2001*.

During the financial year, the Company paid an insurance premium in respect of a contract insuring each of the Officers of the Company. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as Officers of the Company.

13. REMUNERATION REPORT (AUDITED)

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Company had no employees during the year ended 30 June 2018 or 30 June 2017. Details of Key Management Personnel ("KMP") are as follows:

Jay Hughes	Chairman (Non-Executive)	Appointed 11 March 2005
Simon Joyner	Independent Director	Appointed 5 July 2016
Terry Budge	Independent Director	Appointed 4 April 2005

Westoz Funds Management Pty Ltd provides services in the nature of the role of Key Management Personnel to Westoz Investment Company Limited as it has the authority for the management of the investment portfolio of Westoz Investment Company Limited.

The share and option holdings of KMP at 30 June 2018 are as follows:

As at 30 June 2018	Balance 1 July 2017		Net Change			Balance 30 June 2018		
Director	Shares	2017 $1.05 Options	Shares[1]	2017 $1.05 Options[2]	2019 $1.06 Options[1]	Shares	2017 $1.05 Options[2]	2019 $1.06 Options[1]
Jay Hughes								
Held directly or indirectly	865,000	79,100	86,500	(79,100)	-	951,500	-	-
Simon Joyner								
Held directly or indirectly	355,000	31,000	35,500	(31,000)	-	390,500	-	-
Terry Budge								
Held directly or indirectly	196,134	19,614	19,614	(19,614)	-	215,748	-	-

1. Net Change in Shares reflects exercise of entire holdings of August 2019 $1.06 options issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and exercisable up until 31 August 2019. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.
2. Unexercised 2017 $1.05 options expired on 31 August 2017. The 2017 $1.05 options were issued pursuant to the Bonus Issue prospectus issued on 13 September 2016 to all shareholders and are exercisable up until 31 August 2017. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.

13. REMUNERATION REPORT (AUDITED) (CONT'D)

The share and option holdings of KMP at 30 June 2017 are as follows:

As at 30 June 2017	Balance 1 July 2016 or Commencement		Net Change			Balance 30 June 2017 or Resignation		
Director	Shares	2016 $1.05 Options	Shares[1]	2016 $1.05 Options[2]	2017 $1.05 Options[2]	Shares	2016 $1.05 Options[2]	2017 $1.05 Options[2]
Jay Hughes								
Held directly or indirectly	770,000	60,840	95,000	(60,840)	79,100	865,000	-	79,100
Simon Joyner								
Held directly or indirectly	310,000	30,867	45,000	(30,867)	31,000	355,000	-	31,000
Terry Budge								
Held directly or indirectly	196,134	19,614	-	(19,614)	19,614	196,134	-	19,614
Philip Rees[3]								
Held directly or indirectly	346,877	33,346	-	-	-	346,877	33,346	-
Dermot Woods[3]								
Held directly or indirectly	145,383	14,493	-	-	-	145,383	14,493	-
Stephen Tucker[3]								
Held directly or indirectly	314,768	30,260	10,706	(30,260)	-	325,474	-	-

1. Net Change in Shares reflects on market purchases.
2. Unexercised 2016 $1.05 options expired on 31 August 2016. The 2017 $1.05 options were issued pursuant to the Bonus Issue prospectus issued on 13 September 2016 to all shareholders and are exercisable up until 31 August 2017. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.
3. Mr Stephen Tucker resigned 9 September 2016. Mr Philip Rees and Mr Dermot Woods resigned 5 July 2016.

Details of remuneration for the years ended 30 June 2018 and 30 June 2017 is as follows:

		Short-term	Post-employment	
		Base Fee ($)	Superannuation ($)	Total ($)
Simon Joyner	2018	50,228	4,772	55,000
	2017	50,422	4,790	55,212
Stephen Tucker	2018	-	-	-
	2017	12,750	1,211	13,961
Terry Budge	2018	55,000	-	55,000
	2017	55,000	-	55,000

The elements of emoluments have been determined on the basis of the cost to the Company. Emoluments of Directors are not related to the performance of the Company. The maximum remuneration paid to Directors' is currently set to not exceed $200,000 per annum.

The Directors of Westoz Investment Company Limited during the period or part thereof were Mr Jay Hughes, Mr Simon Joyner and Mr Terry Budge.

Westoz Funds Management Pty Ltd, a company of which Mr Jay Hughes is a Director, provides Key Management Personnel (**KMP**) services to Westoz Investment Company Limited as it has the authority for the management of the investment portfolio of Westoz Investment Company Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. A total (inclusive of performance fees where applicable) of $9,531,691 (2017: $2,344,675) was charged in the period for these services. A performance fee of $7,841,250 was paid in respect of the 2018 financial year (2017: $943,000). There is $157,300 outstanding as at 30 June 2018 (2017: $124,500).

These fees were charged in accordance with a management agreement. Management fee is calculated at 1% per annum of funds managed. A performance fee is payable where performance exceeds 10% over a twelve month period to the end of June and is calculated at 20% of the increase exceeding the threshold. The performance fee is based on the above performance condition to be able to link the performance of the company to the services provided by the fund manager.

No amount is paid by Westoz Investment Company Limited directly to the Directors of Westoz Funds Management Pty Ltd.

13. REMUNERATION REPORT (AUDITED) (CONT'D)

Euroz Securities Limited, a company of which Mr Hughes is a director, received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of $907,815 was paid in the period (2017: $416,463) as brokerage to Euroz Securities Limited. There is $9,166 outstanding as at 30 June 2018 (2017: $405). Euroz Securities also provides nominee and custodial services for the company. No fees were paid in relation to these services in the period (2017: nil).

The above transactions were entered into on normal commercial terms.

The short term incentive provided by the performance fee is payable once a nominated level of profitability is achieved in a financial year. The level of profitability is ultimately determined by the investment return on funds invested and is reflected in the earnings per share figure. The following table shows the link between company performance and shareholder wealth over the last 5 years:

Financial Year Ending June 30	Earnings per Share (cents)	Dividend Per Share (cents)	Share price at balance date (cents)
2014	16.6	9.0	132.0
2015	-15.5	9.0	92.5
2016	0.1	6.0	82.5
2017	12.5	6.0	96.0
2018	23.2	6.0	116.5

There are no long term incentives payable.

(End of Remuneration Report)

14. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Westoz Investment Company Limited support and have adopted a corporate governance plan. Details of the Corporate Governance Practices can be found on our website www.westozfunds.com.au.

15. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

16. AUDITOR INDEPENDENCE AND NON AUDIT SERVICES

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 15 and forms part of Westoz Investment Company Limited's Directors' report for the year ended 30 June 2018.

Non-audit Services:

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Tax Compliance	6,000

The Directors are satisfied the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

JAY HUGHES
Non-Executive Chairman
Dated: 23 August 2018
Perth, Western Australia

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Auditor's Independence Declaration to the Directors of Westoz Investment Company Limited

As lead auditor for the audit of Westoz Investment Company Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Ernst & Young

Robert A Kirkby
Partner
23 August 2018

RK:DA:WIC:025

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue			
Interest revenue		390,573	285,468
Dividend revenue		3,107,674	3,079,422
Other		47,203	3,925
Total Revenue		**3,545,450**	**3,368,815**
Changes in the fair value of investments designated at fair value through profit or loss upon initial recognition	4	48,127,131	21,154,274
		51,672,581	**24,523,089**
Expenses			
Management and performance fees	15 (b)	9,531,691	2,344,675
Director fees		110,000	124,173
Professional fees		76,608	83,532
Share registry costs		60,827	61,291
ASX fees		62,520	60,308
Other expenses	6	125,035	36,469
Total Expenses		**9,966,681**	**2,710,448**
PROFIT BEFORE INCOME TAX EXPENSE		41,705,900	21,812,641
Income tax expense	7	(11,634,384)	(5,656,266)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**30,071,516**	**16,156,375**
Other Comprehensive Income		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**30,071,516**	**16,156,375**
Earnings per share (cents)			
- Basic	16	23.2	12.5
- Diluted	16	23.0	12.5

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

Statement of Financial Position

As at 30 June 2018

	Note	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	19 (a)	44,689,356	30,431,954
Due from broker in relation to short sales		7,390,262	2,510,385
Other current assets	9	3,688,381	227,821
TOTAL CURRENT ASSETS		**55,767,999**	**33,170,160**
NON-CURRENT ASSETS			
Investments in financial assets designated at fair value through profit or loss:			
- Listed Equities	5	127,077,961	105,211,002
Deferred tax assets	7	-	4,243,903
TOTAL NON-CURRENT ASSETS		**127,077,961**	**109,454,905**
TOTAL ASSETS		**182,845,960**	**142,625,065**
CURRENT LIABILITIES			
Trade and other payables	10	1,697,003	218,967
Liabilities at fair value through profit or loss:			
- Equity securities sold short	5	9,540,000	2,380,000
Income tax payable		2,100,101	-
Dividend payable	8	3,925,312	3,870,168
TOTAL CURRENT LIABILITIES		**17,262,416**	**6,469,135**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	5,290,379	-
TOTAL NON CURRENT LIABILITIES		**5,290,379**	**-**
TOTAL LIABILITIES		**22,552,795**	**6,469,135**
NET ASSETS		**160,293,165**	**136,155,930**
EQUITY			
Contributed equity	11	140,240,316	138,328,606
Profit reserve	12	47,672,512	25,446,987
Accumulated loss	13	(27,619,663)	(27,619,663)
TOTAL EQUITY		**160,293,165**	**136,155,930**

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

Cash Flow Statement

For the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		390,574	285,468
Dividends received		3,107,674	3,079,422
Payments to suppliers and employees (incl. of GST)		(10,401,045)	(2,774,377)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	19(b)	**(6,902,797)**	**590,513**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments designated as at fair value through profit or loss		148,538,111	91,696,080
Payments for purchases of investments designated as at fair value through profit or loss		(121,498,775)	(102,798,119)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**27,039,336**	**(11,102,039)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares, net of issue costs		1,921,310	(12,121)
Share Buyback		(9,600)	(174,900)
Dividends paid		**(7,790,847)**	**(7,748,053)**
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(5,879,137)**	**(7,935,074)**
NET INCREASE/(DECREASE) IN CASH HELD		14,257,402	(18,446,600)
Cash and cash equivalents at the beginning of the period		30,431,954	48,878,554
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19(a)	**44,689,356**	**30,431,954**

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2018

	Contributed Equity $	Profit Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2017	138,328,606	25,446,987	(27,619,663)	136,155,930
Profit for the year	-	-	30,071,516	30,071,516
Total Comprehensive income for the year	-	-	30,071,516	30,071,516
Transfer from Retained Earnings to Profit Reserve	-	30,071,516	(30,071,516)	-
Transactions with owners in their capacity as owners:				
Issued capital	1,921,310	-	-	1,921,310
Share buyback costs	(9,600)	-	-	(9,600)
Dividends for the year	-	(7,845,991)	-	(7,845,991)
At 30 June 2018	**140,240,316**	**47,672,512**	**(27,619,663)**	**160,293,165**

	Contributed Equity $	Profit Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2016	138,515,627	18,190,911	(28,777,188)	127,929,350
Profit for the year	-	-	16,156,375	16,156,375
Total Comprehensive income for the year	-	-	16,156,375	16,156,375
Transfer from Retained Earnings to Profit Reserve	-	14,998,850	(14,998,850)	-
Transactions with owners in their capacity as owners:				
Issued capital	(12,121)	-	-	(12,121)
Share buyback costs	(174,900)	-	-	(174,900)
Dividends for the year	-	(7,742,774)	-	(7,742,774)
At 30 June 2017	**138,328,606**	**25,446,987**	**(27,619,663)**	**136,155,930**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Westoz Investment Company Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 23 August 2018.

Westoz Investment Company Limited is a company limited by shares that is incorporated and domiciled in Australia and those shares are listed on the Australian Securities Exchange. The registered office is located at Level 18, 58 Mounts Bay Road Perth, Western Australia 6000.

Westoz Investment Company Limited does not control any entities at 30 June 2018.

The company had no paid employees as at 30 June 2018.

The nature of the operations and principal activities of the Company are as an investment company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

For the purposes of preparing the financial statements the Company is a for-profit entity.

The financial report for the year ended 30 June 2018 has been prepared on a historical cost basis except for investments in financial assets designated as at fair value through profit or loss, which are measured at fair value.

The Company's functional and presentation currency is the Australian dollar ($).

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2016, including:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]; and
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

The adoption of these new and amended standards has not had any financial impact on the financial position or results of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) New standards issued or amended but not yet effective

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2018. These are included in the table below.

Reference	Title	Summary of the new standard or amendment	Impact on Company	Application date of standard	Application date for the Company
AASB 9	Financial Instruments	AASB 9 replaces AASB 139 Financial Instruments: *Recognition and Measurement*. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.	No material impact on recognition and measurement, there will however be additional disclosure requirements	1 January 2018	1 July 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reference	Title	Summary of the new standard or amendment	Impact on Company	Application date of standard	Application date for the Company
AASB 15, and relevant amending standards	Revenue from Contracts with Customers	AASB 15 replaces all existing revenue requirements in Australian Accounting and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: - Step 1: Identify the contract(s) with a customer - Step 2: Identify the performance obligations in the contract - Step 3: Determine the transaction price - Step 4: Allocate the transaction price to the performance obligations in the contract - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	No material impact	1 January 2018	1 July 2018
IFRIC 23	Uncertainty over Income Tax Treatments	The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: - Whether an entity considers uncertain tax treatments separately - The assumptions an entity makes about the examination of tax treatments by taxation authorities - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates - How an entity considers changes in facts and circumstances.	The Company is in the process of assessing the impact of the amendments	1 January 2019	1 January 2019
Amendments to IFRS 9	Prepayment features with negative compensation - Amendments to IFRS 9	Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding' (the SPPE criterion) and the instrument is held within the appropriate business model for the classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.	The Company is in the process of assessing the impact of the amendments	1 January 2019	1 July 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets and liabilities

(i) Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss or as loans and receivables as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Company may make short sales in which borrowed security is sold in anticipation of a decline in the market value of the security. Short sales are classified as current financial liabilities at fair value through profit and loss.

(ii) Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification as described below:

Financial assets and liabilities at fair value through profit or loss.

Financial assets and liabilities at fair value through profit or loss include financial assets and liabilities designated upon initial recognition at fair value through profit or loss.

Financial assets and liabilities designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date only if the criteria under AASB 139 are satisfied.

All financial assets and liabilities designated as fair value through profit or loss are equity instruments that are managed through making purchase and sales decisions based on their fair value in accordance with the Company's investment strategies. The financial information about these financial assets and liabilities is provided internally on that basis to the Investment Manager and to the Board of Directors.

For investments that are actively traded in organised financial markets, fair value is determined by reference to the Stock Exchange quoted market bid prices (offer prices for liabilities) at the close of business on the Statement of Financial Position date, without any deduction for transaction costs.

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

Gains and losses on investments at fair value through profit and loss are recognised in Profit or Loss.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

Changes in the fair value of investments – net gains or losses on investments designated as at fair value through profit or loss are calculated as the difference between the fair value at sale (or purchase in the case of liabilities) or fair value at reporting date and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses but does not include dividend or interest income.

(iii) De-recognition of financial assets and liabilities

A financial asset or liability (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive/contribute cash flows from the asset/liability have expired;
- The Company retains the right/obligation to receive/contribute cash flows from the asset/liability, but has assumed an obligation to pay/receive them in full without material delay to a third party lender under a "pass-through" arrangement; or
- The Company has transferred its rights to receive/contribute cash flows from the asset/liability and either has transferred substantially all the risks and rewards of the asset/liability, or has transferred control of the asset/liability.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and short term deposits, including bank bills with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow all or part of the deferred income tax to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

(g) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognised:

Interest - revenue is recognised as interest accrues using the effective interest rate method which is the rate that exactly discounts estimated future cash flows through the expected life of the financial investment to the net carrying value of the financial asset.

Dividend– revenue is recognised when the Company's right to receive the payment is established. This is taken to be the date the share is quoted ex-dividend.

(i) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid on goods and services received, whether or not billed to the entity. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company is obliged to make future payments in respect of the purchase of these goods and services.

Payables include outstanding settlements on the purchase of investments and dividends payable. The carrying period is dictated by market conditions and generally less than 30 days.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company and is classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Earnings Per Share

Basic earnings per share (**EPS**) is calculated as net profit attributed to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the period adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to ordinary equity holders, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(l) Trade and other receivables

Receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible debts. The collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect its debts. Bad debts are written off when identified. Amounts are normally received within 30 days of being recorded as receivable.

(m) Dividends

Provision is made for the amount of any dividend declared by the Directors on or before the end of the financial year, but not distributed at balance date.

(n) Management Fees

Management fees, including performance fees, are calculated in accordance with contractual arrangements and are payable in the year in which the returns are generated.

(o) Due to and from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'trade and other payables' for recognition and measurement of these amounts.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for 'trade and other receivables' for recognition and measurement of these amounts.

(p) Significant Accounting Judgements, Estimates and Assumptions

Taxes

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax assets relate to unrealised losses on investments in financial assets and recognised tax losses.

Future taxable profits depend on the success of the Company's investment strategy which in turn will be influenced by the overall direction of equity markets. The markets are influenced by a number of factors such as outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters & government regulation. Management has estimated future taxable profits based on an analysis that historic returns (per annum, since inception) on the investment portfolio of Westoz Investment Company Limited. Market estimates of long term Australian equity market returns are anticipated to be higher than the return that will be required to be generated by Westoz Investment Company Limited in order to utilise the deferred tax asset. Changes in assumptions & estimates may affect the ability to recognise deferred tax assets.

There are no other significant accounting judgments, estimates and assumptions during the financial year.

3. SEGMENT INFORMATION

For management purposes, the Company is organised into one operating segment, which invests in equity securities on the Australian Securities Exchange. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The Company operated in one geographical area being Australia.

4. CHANGES IN FAIR VALUE OF INVESTMENTS

	2018 $	2017 $
Net realised gain/(loss) on disposal of investments	37,077,427	(1,584,331)
Net unrealised gain on investments	11,049,704	22,738,605
	48,127,131	**21,154,274**

The total number of contract notes that were issued for transactions during the financial year was 868 (2017: 500).
The total brokerage paid on these contract notes was $946,103 (2017: $451,907).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

30 June 2018	Valued at Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non – market observable inputs (Level 3)	Total
Financial assets and liabilities at fair value through profit or loss				
(i) Listed equities - long	127,077,961	-	-	127,077,961
(ii) Listed equities - short	(9,540,000)	-	-	(9,540,000)
	117,537,961	**-**	**-**	**117,537,961**

30 June 2017	Valued at Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non – market observable inputs (Level 3)	Total
Financial assets and liabilities at fair value through profit or loss				
(i) Listed equities - long	105,211,002	-	-	105,211,002
(ii) Listed equities - short	(2,380,000)	-	-	(2,380,000)
	102,831,002	**-**	**-**	**102,831,002**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of listed equity is based on quoted market prices at the reporting date (bid price for long positions), without any deduction for transaction costs.

For instruments for which there is currently no active market the Company uses valuation methods generally accepted in the industry. Some of the inputs to those methods may not be market observable and are therefore estimated based on assumptions. In the case of unlisted equities, recent transactional evidence has been obtained that supported the current valuation. If, in the future, similar transactions occur at significantly different values, the fair value of unlisted equities will be revised appropriately.

6. OTHER EXPENSES

	2018 $	2017 $
Expenses		
Stock Borrow Costs	105,750	18,700
Marketing	8,785	6,943
Other	10,500	10,826
	125,035	**36,469**

7. INCOME TAX

The major components of income tax expense are:

Statement of comprehensive income		
Current Income Tax		
Current income tax charge	2,100,101	-
Deferred income tax		
Relating to origination and reversal of temporary differences	9,534,283	5,656,266
Income tax expense reported in statement of comprehensive income	**11,634,384**	**5,656,266**

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable tax rate is as follows:

Accounting profit before tax	41,705,900	21,812,641
Tax at the statutory income tax rate of 30% (2017: 30%)	12,511,770	6,543,792
Tax effect of franking credits	(877,386)	(887,526)
Income tax expense	**11,634,384**	**5,656,266**

7. INCOME TAX (CONT'D)

Deferred Income tax

Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of comprehensive income	
	2018	2017	2018	2017
Deferred Tax Assets	$	$	$	$
Tax loss recognised	-	6,219,372	(6,219,372)	(1,165,316)
Unrealised gain/(loss) on investments in financial assets	-	-	-	4,846,113
Total DTA	-	6,219,372	(6,219,372)	3,680,797
Deferred Tax Liabilities				
Unrealised gain on investments in financial assets	(5,290,379)	(1,975,469)	(3,314,911)	1,975,569
Total DTL	(5,290,379)	(1,975,469)	(3,314,911)	1,975,569
Net DTA/(DTL)	**(5,290,379)**	**4,243,903**	**(9,534,283)**	**5,656,366**

Deferred tax assets in the prior year relate to recognised tax losses. These losses have been utilised in the current year.

8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2018	2017
Ordinary Shares	$	$
A Final dividend of 3.0 cents per share has been declared and provided for at 30 June 2018 (2017 – 3.0 cents)	3,925,312	3,870,168
Fully franked based on tax paid or payable at 30%		
An interim dividend of 3.0 cent per share has been declared and paid for on 20 February 2018 (2017 – 3.0 cents)	3,920,679	3,872,606
Fully franked based on tax paid or payable at 30%		
Total dividends paid or declared	**7,845,991**	**7,742,774**
Franking Credit Balance		
Franking credits available at the end of the financial year at 30% (2017 – 30%)	3,131,708	5,196,136
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	2,100,101	-
Franking debits that will arise by the payment of dividends as at the end of the financial year	(1,682,277)	(1,658,643)
	3,549,532	**3,537,493**

9. OTHER CURRENT ASSETS

Outstanding sale settlements	3,050,139	100,854
GST receivable	638,242	126,967
	3,688,381	**227,821**

Sale settlements are generally received within 2 days. The Company has not had any history of bad debts in settling the sale transactions with any of the brokers it deals with. GST receivable is non-interest bearing and is generally claimed from the Australian Tax Office on a quarterly basis.

The carrying value of other assets is approximately equal to its fair value.

10. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade payables	232,368	202,658
Outstanding purchase settlements	1,464,635	16,309
	1,697,003	**218,967**

Trade payables are non-interest bearing and normally settled on 30 day terms. Purchase settlements are generally settled within 2 days.

The carrying value of trade and other payables is approximately equal to its fair value.

11. CONTRIBUTED EQUITY

(a) Contributed equity

130,843,732 fully paid ordinary shares (2017: 129,005,588 fully paid ordinary shares)	**140,240,316**	**138,328,606**

(b) Movements in ordinary shares on Issue	Number of Shares	$	Number of Shares	$
Beginning of the financial period	129,005,588	138,328,606	129,181,548	138,515,627
Issued during the period				
- Option Exercise	1,848,144	1,958,977	17,649	18,531
- Share Buyback	(10,000)	(9,600)	(193,609)	(174,900)
Equity Raising Costs	-	(38,667)	-	(30,652)
	130,843,732	**140,240,316**	**129,005,588**	**138,328,606**

(c) Terms and conditions of contributed equity

The Company does not have authorised capital nor par value in respect of its issued capital.

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Options

During the period, 12,877,250 options with an exercise price of $1.05 expired unexercised on 31 August 2017. Prior to expiry, 5,601 of these options were exercised during the period.

As at the date of this report, the Company has 8,645,704 options on issue. The options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options are exercisable into 8,645,704 new ordinary shares in the Company that rank equally with other ordinary shares by the payment of $1.06 per option at any time up until expiry date of 31 August 2019. 1,842,543 of these options were exercised during the period. 2,398,571 of these options have been exercised in the current period since 30 June 2018.

Holders of Options will be permitted to participate in new issues of securities only following the prior exercise of the Option. An Option does not confer the right to a change in Exercise Price or a change in the number of Shares over which the Option can be exercised. In the event of any reconstruction (including consolidation, subdivision, reduction or returns) of the issued capital of the Company, the number of Options or Exercise Price or both shall be reconstructed in a manner consistent with the *Corporations Act 2001* and the ASX Listing Rules at the time of the reconstruction.

(e) Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital, accumulated losses and profit reserve. The primary objective of the Company's capital management is to produce positive return on funds, regardless of the general direction of the listed share market and that is consistent with acceptable risk parameters in order to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As far as possible, the Company intends to pay out a consistent stream of dividends to investors, having regard to availability of franking credits and the balance in the profit reserve.

The Company was ungeared at year end and not subject to any externally imposed capital requirement.

12. PROFIT RESERVE

	2018 $	2017 $
Profit Reserve	47,672,512	25,446,987
	47,672,512	**25,446,987**

The profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.

Movement in Profits Reserve		
Balance at beginning of the year	25,446,987	18,190,911
Transferred from Retained Earnings (a)	30,071,516	14,998,850
Provision for dividend	(7,845,991)	(7,742,774)
	47,672,512	**25,446,987**

a) The amount transferred to profit reserve in the 2018 financial year is the profit for the period 1 July 2017 to 31 December 2017 and 1 January 2018 to 30 June 2018 in accordance with resolutions of the Board of Directors dated 13 December 2017 and 21 June 2018. The amount transferred to profit reserve in the 2017 financial year is the profit for the period 1 July 2016 to 30 September 2016 and 1 October to 31 December 2016 in accordance with resolutions of the Board of Directors dated 17 October 2016 and 19 January 2017.

13. ACCUMULATED LOSS

Balance at beginning of the year	(27,619,663)	(28,777,188)
Transferred to Profit Reserve	(30,071,516)	(14,998,850)
Profit for the year attributable to members	30,071,516	16,156,375
	(27,619,663)	**(27,619,663)**

14. AUDITORS' REMUNERATION

Total of all remuneration received or due and receivable by Ernst & Young in connection with:

- an audit or review of a financial report of the Company	56,000	54,150
- services in relation to tax compliance for the Company	6,000	12,650
	62,000	**66,800**

15. RELATED PARTY DISCLOSURE

(a) Remuneration of Directors and Executives

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Mr Terry Budge, Mr Simon Joyner and Mr Stephen Tucker (resigned 9 September 2016) are the only paid Directors of the Company in the financial years. The total remuneration payable for the financial period is $110,000 (2017: $124,173) of which $105,228 was a short term benefit (2017: $118,172) and $4,772 was post-employment benefit (2017:$6,001).

(b) Transactions with Directors or Director Related Entities

The Directors of Westoz Investment Company Limited during the period were Mr Jay Hughes, Mr Simon Joyner and Mr Terry Budge.

Westoz Funds Management Pty Ltd, a company of which Mr Jay Hughes is a Director provides Key Management Personnel (**KMP**) services to Westoz Investment Company Limited as it has the authority for the management of the investment portfolio of Westoz Investment Company Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. A total (inclusive of performance fees where applicable) of $9,531,691 (2017: $2,344,675) was charged in the period for these services. A performance fee of $7,841,250 (2017: $943,000) was accrued and paid in respect of the period. There is $157,300 outstanding as at 30 June 2018 (2017: $125,400).

15. RELATED PARTY DISCLOSURE (CONT'D)

(b) Transactions with Directors or Director Related Entities (Cont'd)

These fees were charged in accordance with a management agreement. Management fee is calculated at 1% per annum of funds managed. A performance fee is payable where the increase in Portfolio Value exceeds 10% over a twelve month period to end of June and is calculated at 20% of the increase in Portfolio Value exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by $1.00.

No amount is paid by Westoz Investment Company Limited directly to the Directors of Westoz Funds Management Pty Ltd.

Euroz Securities Limited, a company of which Mr Jay Hughes was a Director received fees for brokerage on transactions undertaken by the Company in respect of its investments. An amount of $907,815 was paid in the period (2017: $416,943) as brokerage to Euroz Securities Limited. There is $9,166 outstanding as at 30 June 2018 (2017: $405). Euroz Securities also provides nominee and custodial services for the company. No fees were paid in relation to these services in the period (2017: nil).

The above transactions were entered into on normal commercial terms.

(c) Ultimate Parent

Westoz Investment Company Limited is the ultimate Australian parent company.

(d) Other Related Party Transactions

There are no other related party transactions other than those discussed above.

16. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest and dividends in relation to dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2018 $	2017 $
Net profit attributable to ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share	30,071,516	16,156,375
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	129,714,765	129,104,371
Weighted average number of ordinary shares on issue used in the calculation of diluted per share	130,587,061	129,104,371
Basic earnings per share (cents)	23.2	12.5
Diluted earnings per share (cents)	23.0	12.5

At the date of this report, the Company has on issue 8,645,704 options. These options are exercisable into 8,645,704 new ordinary shares that rank equally with other ordinary shares by the payment of $1.06 per option at any time up until expiry date of 31 August 2019.

These options have been included in the calculation of the diluted earnings per share in the current period as the strike price exceeds the average market price of shares.

17. EVENTS SUBSEQUENT TO BALANCE DATE

As at 31 July 2018, the All Ordinaries Accumulation Index (being an indication of a general move in the equity market) had risen approximately 1.2% since 30 June 2018.

No matters or events have occurred subsequent to 30 June 2018 which have significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent financial periods.

18. CONTINGENT LIABILITIES

The Company has no contingent liabilities.

19. NOTES TO THE STATEMENTS OF CASH FLOW

(a) Reconciliation of Cash

For the purpose of the annual report, cash and cash equivalents are composed of the following:

	2018 $	2017 $
Cash at Bank and in hand	44,689,356	30,431,954
	44,689,356	**30,431,954**

Cash at bank and in hand earns interest at floating rates based on daily deposit rates. Term deposits are for a period of not more than three months and earn interest at available rates at the time of deposit.

The fair value of cash and cash equivalents is $44,689,356 (2017: $30,431,954). Of the total cash and cash equivalents held at 30 June 2018, $53,350,507 was held in the investment portfolio. The balance of the cash amount shown in the portfolio includes net settlements outstanding and outstanding short sale amounts.

(b) Reconciliation from the Net Profit after Income Tax to Net Cash flows Generated from Operating Activities

	2018	2017
Net profit after tax	30,071,516	16,156,375
Adjustment for Non-Cash Items:		
Items classified as Investing		
Unrealised (gain) on shares	(11,049,704)	(22,738,605)
Realised (gain)/loss on shares	(37,077,427)	1,584,332
Changes in Assets and Liabilities:		
Increase in trade and other payables	29,709	11,324
(Increase) in other assets	(511,274)	(79,179)
Increase in tax payable	2,100,101	-
Increase in deferred tax liabilities	9,534,282	5,656,266
Net Cash (used in) / provided from Operating Activities	**(6,902,797)**	**590,513**

(c) Financing Facilities Available

At balance date, no financing facilities had been negotiated and none were available.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk.

The Company's principal financial instruments comprise listed equities, cash, short term deposits and outstanding sale and purchase settlements. The Company has other financial instruments such as trade creditors and distributions payable which arise directly from its operations. The Company may also transact in other financial instruments, including derivatives, to achieve its target rate of return on assets. No derivatives are held at 30 June 2018.

The Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Company has an established investment policy in place. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment policy, is monitored by the Investment Manager.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled by the Company investing in financial instruments, which in normal market conditions can be easily liquidated. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise trade, other payables and distribution payable, which contractually mature within 30 days.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts in the statement of financial position. The Company holds financial instruments with credit worthy third parties.

At 30 June 2018, the Company held significant equities, cash balance and other current assets. Cash deposits were held with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA- (long term) and A-1+ (short term). Listed equities were held under a nominee arrangement with Euroz Securities Limited which operates and maintains required prudential matters under an Australian Financial Services Licence. The Company has no past due or impaired debtors as at 30 June 2018.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Company has delegated the management of these risks to Westoz Funds Management Pty Ltd (AFSL No 285607) who has expertise in the management of such risk.

The following risk control features are in place:

- No one stock will represent more than 20% of the total portfolio value at the time of acquisition;
- The portfolio consists of between 10 and 25 securities, although more or less may be held depending on the number of securities identified that are expected to meet the performance expectations;
- Where suitable stocks cannot be identified, the portfolio may invest in cash. Whilst unlikely over the medium term, the portfolio may consist from time to time of significant cash deposits;
- Any short positions will not represent more than 20% of the total portfolio value; and
- Leverage may be employed in the Portfolio, but total exposure will not exceed 120% of the portfolio value.

Any breach of these risk control measures will be reported to the Company by the Manager and the Company will determine the appropriate action to remedy the breach.

The equity portfolio position as at 30 June 2018 is as follows:

Investment Portfolio

Industrials	Number of Shares	Fair Value at 30 June 2018
Ausdrill Ltd	2,000,000	3,660,000
Austal Ltd	3,500,000	6,335,000
Australian Finance Group Ltd	2,568,317	3,582,802
Cedar Woods Properties Ltd	2,682,941	15,453,740
Finbar Group Ltd	12,019,973	11,479,074
Global Construction Services Ltd	3,400,000	2,414,000
IMF Bentham Ltd	437,170	1,311,510
Macmahon Holdings Ltd	29,438,408	6,182,066
MMA Offshore Ltd	6,500,000	1,657,500
NRW Holdings Ltd	3,000,000	5,070,000
Southern Cross Elec. Eng. Ltd	8,956,918	6,269,843
Zenith Energy Ltd	3,000,000	2,820,000
		66,235,535
Short Positions		**(9,540,000)**

Resources	Number of Shares	Fair Value at 30 June 2018
Australis Oil & Gas Ltd	47,790,000	21,744,450
Australis Oil & Gas Ltd Options	1,136,364	204,546
Berkeley Energia Ltd	2,200,000	1,606,000
Cooper Energy Ltd	20,000,000	7,500,000
Equatorial Resources Ltd	3,046,743	1,005,425
Jupiter Mines Ltd	9,000,000	3,465,000
Kingsgate Consolidated Ltd	5,703,440	1,596,963
Medusa Mining Ltd	1,865,833	914,258
Mount Gibson Iron Ltd	15,745,000	6,849,075
Neometals Ltd	10,805,454	3,187,609
Orecorp Ltd	17,020,000	3,063,600
Sundance Energy Ltd	34,000,000	2,550,000
West African Resources	15,000,000	5,700,000
Western Areas Ltd	410,000	1,455,500
		60,842,426
Cash inclusive of outstanding settlements and funds due from short sale		**53,350,507**
Total		**170,888,468**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and short term deposits. The total cash balance at 30 June 2018 was $44,689,356 (2017: $30,431,954). The Company manages interest rate risk by ensuring that cash balances are always deposited in interest-bearing accounts that provide competitive interest rates.

As at 30 June 2018, cash deposits of $44,689,356 (2017: $30,431,954) were held at call. No interest was recorded as a receivable (2017: $nil).

The following table demonstrates the sensitivity of the Company's Statement of Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant. The change in basis points is derived from a review of historical movements and management's judgement on future trends. The analysis is performed on the same basis for 2018.

		2018		2018	
Change in Basis Points		Effect on Pre Tax Profit ($)		Effect on Equity including retained earnings ($)	
Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
50	50	223,500	(223,500)	156,450	(156,450)

		2017		2017	
Change in Basis Points		Effect on Pre Tax Profit ($)		Effect on Equity including retained earnings ($)	
Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
50	50	152,000	(152,000)	106,400	(106,400)

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk arises from the Company's investment portfolio.

The effect on the statement of comprehensive income due to a reasonably possible change in market factors, as represented by the equity indices, with all other factors held constant and assuming the Company's equity portfolio moves in direct concert with the equity indices, is indicated in the table below. The change in index level is derived from a review of historical movements. The analysis is performed on the same basis for 2018.

		2018	2018
Index	Change in Index	Effect on Pre Tax Profit ($)	Effect on Equity including retained earnings ($)
ASX Small Ordinaries Index	Increase 10%/ (Decrease 10%)	11,750,000/(11,750,000)	8,225,000/(8,225,000)

		2017	2017
Index	Change in Index	Effect on Pre Tax Profit ($)	Effect on Equity including retained earnings ($)
ASX Small Ordinaries Index	Increase 10%/ (Decrease 10%)	10,280,000/(10,280,000)	7,196,000/(7,196,000)

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Westoz Investment Company Limited, the Directors declare that:

1. In the opinion of the Directors:

    (a) the financial statements and notes of the Company are 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 2018 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

    (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); and

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

    (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2018.

On behalf of the Board

JAY HUGHES
Non-Executive Chairman

Dated: 23 August 2018

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Independent Auditor's Report to the Shareholders of Westoz Investment Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westoz Investment Company Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Investment valuation

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2018, the value of these financial assets, per Note 5 to the financial report was $127.1 million, which represents 70% of the total assets held by the Company. As detailed in the Company's accounting policy, as described in Note 2(d) of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Volatility and other market drivers can have a significant impact on the value of these financial assets, therefore valuation of the investment portfolio was considered a key audit matter.	We assessed the fair value of significant investments in the portfolio held at 30 June 2018 by reference to independent pricing sources. We assessed the adequacy of the associated disclosures in Note 5 of the financial report.

2. Management and performance fees

Why significant	How our audit addressed the key audit matter
Management and performance fees paid to the investment manager, Westoz Funds Management Pty Ltd, are the most significant expense of the Company. As at 30 June 2018, management and performance fees totalled $9.53 million which represents 96 % of total expenses. The Company's accounting policy for management and performance fees is described in Note 2(n) to the financial report. All expenses are recognised on an accruals basis, with performance fees recognised in the financial report if the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date where certainty exists that the criteria have been met and the liability has been crystallised. The quantum of these expenses and the impact that the volatility in the market prices of investments can have on the recognition and payment of performance fees resulted in this being a key audit matter. The disclosure of these amounts is included in Note 15(b) of the financial report.	We assessed the Company's performance fee eligibility calculations. We recalculated management and performance fees in accordance with contractual arrangements ensuring contract rates were correctly applied. We have tested the inputs to the performance fee calculation by ensuring the key inputs, including the investment portfolio values and the number of shares on issue at the beginning of the performance period and the movements in the investment portfolio value during the year are consistent with the financial report. We assessed the adequacy of the disclosures in Note 15(b) of the financial report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Westoz Investment Company Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Robert A Kirkby
Partner
Perth
23 August 2018

Shareholder Information

At 6 August 2018

A) DISTRIBUTION OF SHAREHOLDERS

Analysis of number of shareholders by size of holding:

	Ordinary Shares		Options	
	Holders	Units	Holders	Units
Issued Capital				
Distribution of Holdings				
0-5,000	376	836,721	660	893,878
5,001-10,000	250	1,963,926	47	346,069
10,001-100,000	823	27,409,453	59	1,544,916
100,000+	151	103,032,203	12	5,860,841
TOTAL Holders	**1,600**	**133,242,303**	**778**	**8,645,704**

B) TOP HOLDERS

The twenty largest holders of ordinary fully paid shares are listed below:

No	Shareholder	Shares	%
1	ZERO NOMINEES PTY LTD	36,555,547	27.4%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,798,865	8.1%
3	ICE COLD INVESTMENTS PTY LTD	4,397,385	3.3%
4	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	3,733,154	2.8%
5	HEYS FAMILY HOLDINGS PTY LTD <HEYS INVESTMENT A/C>	3,029,051	2.3%
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,940,496	2.2%
7	MR VICTOR JOHN PLUMMER	2,750,000	2.1%
8	ROLLASON PTY LTD <GIORGETTA SUPER PLAN A/C>	1,619,027	1.2%
9	SUPERLAND INVESTMENTS PTY LTD <HEYS SUPERFUND A/C>	1,198,295	0.9%
10	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	1,120,000	0.8%
11	SOUTHERN MOTORS PTY LTD	1,100,000	0.8%
12	LONCETA PTY LTD <HANCOCK SUPER FUND A/C>	1,000,000	0.8%
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	867,361	0.7%
14	REDBROOK NOMINEES PTY LTD	858,000	0.6%
15	PERTH CAPITAL PTY LTD	825,000	0.6%
16	WARRAMBOO HOLDINGS PTY LTD	825,000	0.6%
17	CITICORP NOMINEES PTY LIMITED	752,709	0.6%
18	INKESE PTY LTD	731,500	0.5%
19	ACRES HOLDINGS PTY LTD	660,000	0.5%
20	NICKSON PTY LTD	660,000	0.5%
	Total	**76,421,390**	**57.4%**
	Remainder	**56,820,913**	**42.6%**
	Grand Total	**133,242,303**	**100.0%**

Shareholder Information (Cont'd)

At 6 August 2018

B) TOP HOLDERS (CONT'D)

The twenty largest holders of options exercisable at $1.06 cents per share, expiry date 31 August 2019 are listed below:

No	Shareholder	Options	%
1	ZERO NOMINEES PTY LTD	3,522,054	40.7%
2	ICE COLD INVESTMENTS PTY LTD	439,739	5.1%
3	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	373,316	4.3%
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	296,085	3.4%
5	J A GLASS & CO PTY LTD <GLASS FAMILY ACCOUNT>	275,000	3.2%
7	CUSTOMER-KNOWLOGY PTY LTD <TYHYDE A/C>	250,000	2.9%
6	ROLLASON PTY LTD <GIORGETTA SUPER PLAN AC>	161,903	1.9%
8	SUPERLAND INVESTMENTS PTY LTD <HEYS SUPERFUND A/C>	116,763	1.4%
9	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPERFUND A/C>	112,000	1.3%
10	SOUTHERN MOTORS PTY LTD	110,000	1.3%
11	MON NOMINEES PTY LTD <GLASS SUPERANNUATION A/C>	103,280	1.2%
12	MR DICK ROBERT LISTER & MRS JAN LOUISE LISTER <LUMEN S/F A/C>	100,701	1.2%
13	BLJ RETIREMENT COMPANY PTY LTD <BLJ RETIREMENT FUND A/C>	100,000	1.2%
14	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	63,694	0.7%
15	PIAMA PTY LTD <INVESTMENT A/C>	58,800	0.7%
16	MR BRIAN BRANNIGAN & MRS JANET BRANNIGAN <BRANNIGAN PENSION FUND A/C>	57,100	0.7%
17	MR STUART JAMES RODDA & MRS CHRISTINE MARY RODDA <RODDA RETIREMENT FUND A/C>	54,011	0.6%
18	MRS CONSTANCE MARGARET VICKERY	51,000	0.6%
19	ROSSKIN PTY LTD <ROSSKIN SUPER FUND A/C>	50,000	0.6%
20	ROBCAR BROWN PTY LTD <R & C BROWN FAMILY A/C>	43,762	0.5%
	Total	**6,339,208**	**73.3%**
	Remainder	**2,306,496**	**26.7%**
	Grand Total	**8,645,704**	**100.0%**

C) SHAREHOLDERS WITH GREATER THAN 5%

As at 6 August 2018 the company had 3 shareholders with disclosed holdings greater than 5% of the issued ordinary share capital:

Shareholder	Shares	%
Euroz Limited	35,220,541	27.3%
Geoffrey Francis Brown	8,930,850	6.9%
Wilson Asset Management Group	8,735,144	6.8%

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