

# Appendix 4E

## Preliminary final report Period ended 30 June 2019

**OZGROWTH LIMITED**

**ABN 52 126 450 271**

### Results for announcement to the market

*Extracts from this report for announcement to the market*

**\$AUD**

Extracts from this report for announcement to the market

	30 June 2019	30 June 2018	Change \$	Change %
Revenue from ordinary activities	(\$7,230,157)	\$20,074,471	(\$27,304,628)	-136%
Profit/(loss) from ordinary activities after tax attributable to members	(\$5,342,998)	\$12,095,003	(\$17,438,001)	-144%
Net Profit/(loss) for the period attributable to members	(\$5,342,998)	\$12,095,003	(\$17,438,001)	-144%
<b>Net Tangible Assets per share</b>	<b>\$0.199</b>	<b>\$0.219</b>		<b>-9%</b>
<b>Dividends and Distributions</b>	Amount per security	Franked amount per security		
Interim Dividend	0.25 cents	0.25 cents		
Record date for determining entitlements to the interim dividend		4 Feb 19		
Interim dividend payable date		22 Feb 19		
DRP election date		5 Feb 19		
Final Dividend	0.25 cents	0.25 cents		
Record date for determining entitlements to the final dividend		12 Aug 19		
Final dividend payable date		30 Aug 19		
DRP election date		13 Aug 19		
<b>The Company's dividend reinvestment plan is applicable to the interim and final dividends.</b>				

### Reporting period

*The financial information contained in this report is for the period ended 30 June 2019. This document should be read in conjunction with the Financial Report and any public announcements made in the period by Ozgrowth Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.*

Ozgrowth Limited

ABN 52 126 450 271

## **Financial Report**

**For the year ended 30 June 2019**

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**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**CORPORATE DIRECTORY**

**Registered Office**

Level 18, Alluvion  
58 Mounts Bay Road  
PERTH WA 6000

Telephone: (08) 9321 7877

Facsimile: (08) 9321 8288

Website: [www.ozgrowth.com.au](http://www.ozgrowth.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 732 012

**Board of directors**

**Jay Hughes**

Non-Executive Chairman

**Simon Joyner**

Independent Non-Executive Director

**Michael Jefferies**

Independent Non-Executive Director

**Anthony Hewett**

Company Secretary

# **OZGROWTH LIMITED**

## **FOR THE YEAR ENDED 30 JUNE 2019**

### **DIRECTORS' REPORT**

Your Directors submit their report for the year ended 30 June 2019.

#### **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  
Michael Jefferies  
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, Euroz Securities Limited, Westoz Funds Management Pty Ltd, Prodigy Investment Partners Limited and Non-Executive Chairman of Westoz Investment Company Limited. Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from FINSIA. He was recognised as an affiliate of ASX in December 2000 and is a Master Member (MSAFAA) of the Stockbrokers and Financial Advisors Association of Australia (SAFAA).

##### **Mr Michael Jefferies, Independent Non-Executive Director**

Mr Jefferies is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He was a Non-Executive Director of Afterpay Touch Group Limited (resigned 16 January 2018) having been Chairman of Touchcorp Holdings Limited (appointed 28 June 2004) prior to its merger with Afterpay Holdings Limited, a Non-Executive Director of Resimac Group Limited (appointed November 2016), a Non-Executive Chairman of Pantoro Limited and was formerly a Non-Executive Director of Afterpay Holdings Limited (appointed 26 August 2015, resigned 6 April 2017). Mr Jefferies is a Chartered Accountant and holds a Bachelor of Commerce Degree.

##### **Mr Simon Joyner, Independent Non-Executive Director**

Mr Joyner was appointed as an Independent 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 Westoz Investment Company 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 Joyner has been involved in the Financial Services Industry since 1985. He established Keysbrook Financial Services which was a founding firm of Shadforth Financial Group that was subsequently purchased by IOOF in 2014. More recently Mr Joyner established management consulting firm Aberfoyle Partners, assisting businesses across the financial services industry.

##### **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. Mr Hewett is a Fellow of the Institute of Chartered Secretaries and Administrators (FCSA), a Fellow of the Governance Institute of Australia (FGIA), a Master Member (MSAFAA) of SAFAA, and a member of the Australian Institute of Company Directors (AICD).

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (continued)**

**2. Directors' meetings**

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2019 and the numbers of meetings attended by each Director were as follows:

	<b>Directors' Meetings Held During Period</b>	<b>Directors' Meetings Attended During Period</b>	<b>Audit Committee Meetings Held During Period</b>	<b>Audit Committee Meetings Attended During Period</b>
Jay Hughes	12	12	2	2
Simon Joyner	12	12	2	2
Michael Jefferies	12	12	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 year, the principal activity of the economic entity was as an investment company.

**4. Operating results**

For the year ended 30 June 2019, the Company made an operating loss after tax of (\$5,342,998) (2018: profit of \$12,095,003).

**5. Dividends**

An interim dividend of \$890,031 (0.25 cents per share) was paid on 22 February 2019 (2018: \$891,475).

The Board of Directors has provided for the payment of a final dividend of \$889,826 (0.25 cents per share) be paid in respect of the 2019 financial year. This amount is provided in the 30 June 2019 financial statements (2018: \$891,298).

**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 Stock 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.

**7. State of affairs**

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

**8. Subsequent events**

There has not been any 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.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (continued)**

**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 are expected to vary significantly 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.

Our investment strategy remains consistent and is to identify investment opportunities from our base in Western Australia. We believe this focus will continue to deliver attractive returns.

The Western Australian economy continues to lag the national economy but we believe a pick up in private investment to a more normalised level will provide a boost to the local economy in upcoming years. Ozgrowth Limited Directors have determined to target a dividend payment of 0.5 cents per share in respect of the 2020 financial year. It is anticipated that the payment of this dividend would occur in February (0.25 cents) and August (0.25 cents) of the 2020 calendar year.

**10. Directors' interests**

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

	Ordinary Shares	Options
Director		
Simon Joyner		
Held directly or indirectly	1,345,353	134,535
Jay Hughes		
Held directly or indirectly	3,550,000	355,000
Michael Jefferies		
Held directly or indirectly	500,000	50,000

**11. Share options**

As at 30 June 2019, the Company had 35,466,231 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 35,466,231 new ordinary shares in the Company that rank equally with other ordinary shares by the payment of 19.0 cents per option at any time up until expiry date of 31 August 2019. 11,531 of these options were exercised during the period resulting in 11,531 new ordinary shares issued and 1,968 options have been exercised between 1 July 2019 and 16 August 2019. As at the date of this report, the Company has 35,464,263 options on issue.

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.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (continued)**

**12. Indemnification and insurance of directors and officers**

Ozgrowth Limited has a deed of indemnity for all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. The Company agreed to indemnify and keep indemnified the Directors and Officers against all liabilities by the Directors and Officers as a Director and Officer 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 Directors and 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 Directors and 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 2019 or 30 June 2018. Details of Key Management Personnel (KMP) are as follows:

Jay Hughes	Chairman (Non-Executive)	Appointed 9 July 2007
Simon Joyner	Director (Non-Executive)	Appointed 5 July 2016
Michael Jefferies	Director (Non-Executive)	Appointed 31 October 2007

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

The share and option holdings of KMP as at 30 June 2019 are as follows:

Director	Balance 1 July 2018		Net Change		Balance 30 June 2019	
	Shares	Aug 2019 \$0.19 Options <sup>1</sup>	Shares	Aug 2019 \$0.19 Options <sup>1</sup>	Shares	Aug 2019 \$0.19 Options <sup>1</sup>
Jay Hughes						
Held directly or indirectly	3,550,000	355,000	-	-	3,550,000	355,000
Simon Joyner						
Held directly or indirectly	1,345,353	134,535	-	-	1,345,353	134,535
Michael Jefferies						
Held directly or indirectly	500,000	50,000	-	-	500,000	50,000

- The Aug 2019 \$0.19 options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and are 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.



**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (continued)**

**13. Remuneration report (audited) (continued)**

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

Director	Balance 1 July 2017		Net Change			Balance 30 June 2018	
	Shares	Aug 2017 \$0.18 Options <sup>1</sup>	Shares	Aug 2017 \$0.18 Options <sup>1</sup>	Aug 2019 \$0.19 Options <sup>2</sup>	Shares	Aug 2019 \$0.19 Options <sup>2</sup>
Jay Hughes							
Held directly or indirectly	3,550,000	310,000	-	(310,000)	355,000	3,550,000	355,000
Simon Joyner							
Held directly or indirectly	1,345,353	60,000	-	(60,000)	134,535	1,345,353	134,535
Michael Jefferies							
Held directly or indirectly	500,000	50,000	-	(50,000)	50,000	500,000	50,000

1. Unexercised Aug 2017 \$0.18 options expired on 31 August 2017. The Aug 2017 \$0.18 options were issued pursuant to the Bonus Issue prospectus issued on 13 September 2016 to all shareholders and were 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.
2. The Aug 2019 \$0.19 options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and are 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.

A Director's services may be terminated by them at any time and otherwise by shareholder vote. Details of remuneration for the years ended 30 June 2019 and 30 June 2018 is as follows:

		Short-term	Post-employment	Total (\$)
		Fee (\$)	Superannuation (\$)	
<b>S Joyner</b>	2019	50,228	4,772	55,000
	2018	50,228	4,772	55,000
<b>M Jefferies</b>	2019	50,228	4,772	55,000
	2018	50,228	4,772	55,000

The elements of emoluments have been determined on the basis of the cost to the Company. Emoluments of Directors are not directly related to the performance of the Company. The maximum remuneration paid to Directors' is currently set to not exceed \$250,000 per annum.

The Directors of Ozgrowth Limited during the year were Mr Jay Hughes, Mr Simon Joyner and Mr Michael Jefferies.

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, provides Key Management Personnel services to Ozgrowth Limited as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. Total management fees (inclusive of performance fees where applicable) of \$777,004 (2018: \$2,921,146) were charged in the period for these services. No performance fee was paid in respect of the 2019 financial year (2018: \$2,126,875). There was \$65,097 (2018: \$74,800) accrued for management fees payable as at 30 June 2019.

These fees were charged in accordance with a management agreement. The management fee is calculated at 1% per annum of funds managed. The performance fee as specified in the management agreement is payable where performance exceeds 7% over a twelve month period to end of June and is calculated at 20% of the performance exceeding the threshold. The manager is required to give three months written notice to terminate the agreement. 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.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (continued)**

**13. Remuneration report (audited) (continued)**

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

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 \$251,608 (2018: \$359,700) was paid in the year as brokerage to Euroz Securities Limited. Of this brokerage, \$721 was outstanding as at 30 June 2019 (2018: \$2,778). 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:

<b>Financial Year Ending</b>	<b>EPS (cents)</b>	<b>Dividend per Share (cents)</b>	<b>Share price at balance date (cents)</b>
Jun-15	(3.4)	1.5	16.0
Jun-16	0.2	0.5	13.5
Jun-17	2.1	0.5	16.0
Jun-18	3.4	0.5	18.0
Jun-19	(1.5)	0.5	15.0

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 Ozgrowth Limited support and have adopted a corporate governance plan. Details of the Corporate Governance Practices can be found at [www.ozgrowth.com.au](http://www.ozgrowth.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**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 10 and forms part of the Ozgrowth Limited's Directors' report for the year ended 30 June 2019.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' REPORT (continued)**

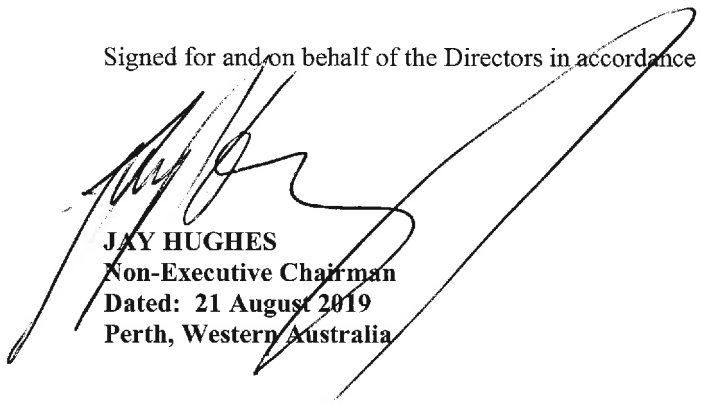
**17. Non- audit services**

The following non-audit services were provided by the Company's auditor, Ernst & Young. The Directors are satisfied that 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.

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

	<u>\$</u>
Tax compliance services	11,000

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



**JAY HUGHES**  
Non-Executive Chairman  
Dated: 21 August 2019  
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 Ozgrowth Limited

As lead auditor for the audit of the financial report of Ozgrowth Limited for the financial year ended 30 June 2019, 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  
21 August 2019

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	<b>Note</b>	<b>30/06/19</b> <b>\$</b>	<b>30/06/18</b> <b>\$</b>
<b>Revenue</b>			
Interest revenue		121,405	104,224
Dividend revenue		1,578,100	1,087,547
Other		31,544	36,500
<b>Total revenue</b>		<u>1,731,049</u>	<u>1,228,271</u>
Changes in the fair value of investments at fair value through profit or loss	4	<u>(8,961,206)</u> <u>(7,230,157)</u>	<u>18,846,200</u> <u>20,074,471</u>
<b>Expenses</b>			
Management and Performance fees	15(b)	777,004	2,921,146
Director fees	15(a)	110,000	110,000
Professional fees		77,549	76,429
ASX fees		51,084	46,483
Other expenses	6	<u>97,707</u>	<u>80,929</u>
<b>Total expenses</b>		<u>1,113,344</u>	<u>3,234,987</u>
<b>(Loss) / profit before income tax expense</b>		<u>(8,343,501)</u>	<u>16,839,484</u>
Income tax benefit / (expense)	7	<u>3,000,503</u>	<u>(4,744,481)</u>
<b>Net (loss) / profit attributable to members of the company</b>		<u>(5,342,998)</u>	<u>12,095,003</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>Total comprehensive profit for the period</b>		<u>(5,342,998)</u>	<u>12,095,003</u>
<b>(Loss) / earnings per share (cents)</b>			
Basic and Diluted	16	(1.5)	3.4

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**OZGROWTH LIMITED**  
**AS AT 30 JUNE 2019**

**STATEMENT OF FINANCIAL POSITION**

	Note	30/06/2019 \$	30/06/2018 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	19(a)	5,577,731	13,299,208
Other Current Assets	9	180,755	3,055,432
Total current assets		<u>5,758,486</u>	<u>16,354,640</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss:			
- Listed Equities	5	67,153,499	65,871,976
- Unlisted Equities	5	110,291	110,291
Deferred Tax Assets	7	2,112,327	-
Total non-current assets		<u>69,376,117</u>	<u>65,982,267</u>
<b>TOTAL ASSETS</b>		<u><b>75,134,603</b></u>	<u><b>82,336,907</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	2,120,267	725,894
Income Tax Payable		1,212,510	-
Dividend Payable	8	889,826	891,298
Total current liabilities		<u>4,222,603</u>	<u>1,617,192</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities	7	-	2,587,551
Total non-current liabilities		<u>-</u>	<u>2,587,551</u>
<b>TOTAL LIABILITIES</b>		<u><b>4,222,603</b></u>	<u><b>4,204,743</b></u>
<b>NET ASSETS</b>		<u><b>70,912,000</b></u>	<u><b>78,132,164</b></u>
<b>EQUITY</b>			
Contributed Equity	11	72,731,178	72,828,487
Profit Reserve	12	21,290,340	23,070,197
Accumulated Loss	13	(23,109,518)	(17,766,520)
<b>TOTAL EQUITY</b>		<u><b>70,912,000</b></u>	<u><b>78,132,164</b></u>

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

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF CASH FLOWS**

	<b>Note</b>	<b>30/06/2019</b> \$	<b>30/06/2018</b> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		121,405	104,224
Dividends received		1,578,100	1,087,548
Payments to suppliers (inclusive of GST)		(936,595)	(3,343,620)
Income tax paid		(486,864)	-
Net cash flows from / (used in) operating activities	19(b)	<u>276,046</u>	<u>(2,151,848)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments at fair value through profit or loss		35,559,123	59,984,378
Payments for purchases of investments at fair value through profit or loss		(41,678,008)	(50,159,249)
Net cash flows (used in) / from investing activities		<u>(6,118,885)</u>	<u>9,825,129</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares, net of issue costs		2,191	11,928
Share buyback		(99,500)	(129,008)
Dividends paid		(1,781,329)	(1,784,151)
Net cash flows (used in) financing activities		<u>(1,878,638)</u>	<u>(1,901,231)</u>
Net (decrease) / increase in cash held		(7,721,477)	5,772,050
Cash and cash equivalents at the beginning of the period		<u>13,299,208</u>	<u>7,527,158</u>
<b>Cash and cash equivalents at the end of the period</b>	19(a)	<u><b>5,577,731</b></u>	<u><b>13,299,208</b></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Contributed Equity \$</b>	<b>Profit Reserve \$</b>	<b>Accumulated Loss \$</b>	<b>Total Equity \$</b>
<b>At 1 July 2018</b>	72,828,487	23,070,197	(17,766,520)	78,132,164
Loss for the period	-	-	(5,342,998)	(5,342,998)
Total Comprehensive income for the period	-	-	(5,342,998)	(5,342,998)
Transactions with owners in their capacity as owners:				
Issued Capital	2,191	-	-	2,191
Share buyback	(99,500)	-	-	(99,500)
Dividends for the year	-	(1,779,857)	-	(1,779,857)
<b>At 30 June 2019</b>	<u>72,731,178</u>	<u>21,290,340</u>	<u>(23,109,518)</u>	<u>70,912,000</u>

	<b>Contributed Equity \$</b>	<b>Profit Reserve \$</b>	<b>Accumulated Loss \$</b>	<b>Total Equity \$</b>
<b>At 1 July 2017</b>	72,945,566	12,757,967	(17,766,520)	67,937,013
Profit for the period	-	-	12,095,003	12,095,003
Total Comprehensive income for the period	-	-	12,095,003	12,095,003
Transfer from Retained earnings to Profit Reserve	-	12,095,003	(12,095,003)	-
Transactions with owners in their capacity as owners:				
Issued Capital	11,929	-	-	11,929
Share buyback	(129,008)	-	-	(129,008)
Dividends for the year	-	(1,782,773)	-	(1,782,773)
<b>At 30 June 2018</b>	<u>72,828,487</u>	<u>23,070,197</u>	<u>(17,766,520)</u>	<u>78,132,164</u>

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



**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

The financial report of Ozgrowth Limited (the 'Company') for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 21 August 2019.

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

Ozgrowth Limited does not control any entities at 30 June 2019.

The Company had no employees as at 30 June 2019.

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 2019 has been prepared on a historical cost basis, except for certain investments, which have been measured at fair value.

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

**(b) Statement of Compliance**

The accounting policies adopted are consistent with those of the prior years except as follows.

The Company has adopted new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

- *AASB 15 Revenue from Contracts with Customers*: AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from customers. AASB 15 establishes the five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the considerations to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has adopted AASB 15 using the modified retrospective method of adoption with the date of initial application date of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 July 2018. Comparative information was not restated and continues to be reported under AASB 118.

The adoption of this standard did not have any financial impact as the Company does not have any material contracts falling directly within the scope of AASB 15.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(b) Statement of Compliance (continued)

- *AASB 9 Financial Instruments*: AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all the three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Company applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The comparative information continues to be reported under AASB 139.

AASB 9 introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest ("SPPI"). All other financial instrument assets are to be classified and measured at fair value through profit or loss ("FVTPL") unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for trading) in other comprehensive income ("OCI").

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). The classification and measurement requirements of AASB 9 had no financial impact on the Company. There was no adjustment to opening retained earnings on transition.

- Listed and unlisted equity instruments held for trading continue to be classified as financial assets at fair value through profit and loss under AASB 9. (Amount on transition: \$65,982,267)
- Cash balances and outstanding sale settlements previously classified as loans and receivables are held to collect contractual cashflows and give rise to cashflows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost. These balances were assessed as having low probability of default as they are either on demand or have relatively short maturity dates and it is the Company's policy that these balances are held with reputable financial institutions with high credit ratings. (Amount on transition: \$13,299,208 for cash balances, \$2,867,525 for other receivables)

The adoption of AASB 9 has changed the Company's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward looking expected credit loss ("ECL") approach. AASB 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through the Statement of Comprehensive Income.

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

**Compliance with International Financial Reporting Standards (IFRS)**

The financial report also complies with IFRS as issued by the International Accounting Standards Board.

(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 financial reporting period ended 30 June 2019. These are included in the following table.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Reference	Title	Summary of the accounting standard or amendment	Impact on Company	Application date of standard	Application date for the Company
Conceptual Framework AASB 2019-1	Conceptual framework for financial reporting Amendments to Australian Accounting standards - Reference to the Conceptual Framework	<p>The revised conceptual framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:</p> <ul style="list-style-type: none"> <li>• Chapter 1 - The objective of financial reporting</li> <li>• Chapter 2 - Qualitative characteristics of useful financial information</li> <li>• Chapter 3 - Financial statements and the reporting entity</li> <li>• Chapter 4- The elements of financial statements</li> <li>• Chapter 5 – Recognition and derecognition</li> <li>• Chapter 6 – Measurement</li> <li>• Chapter 7 - Presentation and disclosure</li> <li>• Chapter 8 - Concepts of capital and capital maintenance</li> </ul> <p>AASB 2019 – 1 has also been issued, which sets out the amendments to Australian Accounting standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.</p>	The Company is in the process of assessing the impact of the amendments	1 January 2020	1 July 2020
AASB 2017-4	Uncertainty over Income Tax Treatments	<p>The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 <i>Income Taxes</i> when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> <li>• Whether an entity considers uncertain tax treatments separately</li> <li>• The assumptions an entity makes about the examination of tax treatments by taxation authorities</li> <li>• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates</li> <li>• How an entity considers changes in facts and circumstances.</li> </ul>	The Company is in the process of assessing the impact of the amendments	1 January 2019	1 July 2019

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Reference	Title	Summary of the accounting standard or amendment	Impact on Company	Application date of standard	Application date for the Company
AASB 2018-7	Amendments to Australian Accounting Standards - Definition of Material	This Standard amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to align the definition of 'material' across the standards and the clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	The Company is in the process of assessing the impact of the amendments	1 January 2020	1 July 2020

(d) Financial assets and liabilities

(i) *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of a financial assets not at fair value through profit or loss, transaction costs.

Financial assets within the scope of AASB 9 are classified as debt instruments at amortised cost or financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss as appropriate. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment if the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Financial assets in the prior year within the scope of AASB 139 were classified as financial assets at fair value through profit or loss or as loans and receivables as appropriate. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

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 financial liabilities depends on their classification as described below:

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

Financial assets at fair value through profit or loss include financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) Financial assets and liabilities (continued)

(ii) *Subsequent measurement (continued)*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. These are listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI.

Financial 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 9 are satisfied.

All financial assets and liabilities at 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, Westoz Funds Management Pty Ltd 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 the Statement of Comprehensive Income.

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/sell the asset.

Changes in the fair value of investments – net gains or losses on investments 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.

*Financial assets at amortised cost (debt instruments)*

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cashflows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Expected credit losses (ECL's) on financial assets at amortised costs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Financial assets and liabilities (continued)**

*(ii) Subsequent measurement (continued)*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). This is further discussed in note 20.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Gains and losses are recognised in the Statement of Comprehensive Income when the asset is derecognised, modified or impaired.

*(iii) De-recognition of financial assets and liabilities*

A financial asset (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; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**(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 Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as defined above.

**(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 balance date.

Deferred income tax is recognised on all temporary differences at the balance 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Income tax (continued)**

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 balance 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 Statement of Cash Flows 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**

*Interest revenue*

Interest 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 gross carrying amount of the financial asset.

*Dividend revenue*

Dividend 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Revenue recognition (continued)**

*Other*

The Company recognised revenue from sub-underwriting services on completion of the service.

In the prior year, revenue was 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.

From 1 July 2018 the Company adopted AASB 15 where revenue from contract with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The timing or amount of the Company's sub-underwriting fee from contracts with customers was not impacted by the adoption of AASB 15. These fees are recognised as the related services are performed.

**(i) Trade and other payables**

Liabilities for trade creditors and other amounts are initially measured at fair value of the consideration to be paid on goods and services received and then subsequently carried at amortised cost, 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 initially measured at fair value of the consideration to be paid on goods and services received and then subsequently carried at amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

**(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 incremental costs that are directly attributable to 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 year 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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) 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. Under AASB 139, an estimate of doubtful debts was made when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified. Amounts are normally received within 30 days of being recorded as receivable. An estimate of expected credit loss is made when there is objective evidence that the Company will not be able to collect the debt.

Under AASB 9, the Company recognises an allowance for ECL for receivables using a general approach. Refer to note 2(d) for the accounting policy on measurement of ECL.

**(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 'Receivables' for recognition and measurement of these amounts.

**(p) Presentation of comparative information**

Prior year amounts in the financial report have been reclassified to ensure consistency with presentation of current year amounts.

**(q) Significant Accounting Judgements, Estimates and Assumptions**

*(i) 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 Ozgrowth 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 Ozgrowth 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.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**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 AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30/06/19</b>	<b>30/06/18</b>
	<b>\$</b>	<b>\$</b>
Net realised gain on disposal of investments	6,647,640	14,791,479
Net unrealised (loss) / gain on investments	<u>(15,608,846)</u>	<u>4,054,721</u>
	<u>(8,961,206)</u>	<u>18,846,200</u>

The total number of contract notes that were issued for transactions during the financial year was 614 (2018: 741).  
The total brokerage paid on these contract notes was \$263,341 (2018: 379,150).

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**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 2019	Valued at Quoted market price (Level 1)	Valuation Technique market observable inputs (Level 2)	Valuation technique non – market observable inputs (Level 3)	Total
<b>Financial assets at fair value through profit or loss</b>				
(i) <i>Listed equities</i>	67,153,499	-	-	67,153,499
(ii) <i>Unlisted Equities</i>	-	-	110,291	110,291
	<b>67,153,499</b>	<b>-</b>	<b>110,291</b>	<b>67,263,790</b>

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
<b>Financial assets at fair value through profit or loss</b>				
(i) <i>Listed equities</i>	65,871,976	-	-	65,871,976
(ii) <i>Unlisted Equities</i>	-	-	110,291	110,291
	<b>65,871,976</b>	<b>-</b>	<b>110,291</b>	<b>65,982,267</b>

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 method 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.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	30/06/19 \$	30/06/18 \$
<b>6. OTHER EXPENSES</b>		
Marketing	2,600	3,600
Share Registry Costs	30,968	41,379
Other	64,139	35,950
	<u>97,707</u>	<u>80,929</u>

**7. INCOME TAX**

The major components of income tax expense are:

**Statement of comprehensive income**

*Current Income Tax*

Current income tax charge	1,745,148	-
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*Deferred income tax*

Recognition of prior year deferred tax asset	(45,773)	-
Relating to origination and reversal of temporary differences	(4,699,878)	4,744,481

<b>Income tax (benefit) / expense reported in statement of comprehensive income</b>	<u>(3,000,503)</u>	<u>4,744,481</u>
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A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable tax rate is as follows:

Accounting (loss) / profit before tax	(8,343,501)	16,839,484
Tax at the statutory income tax rate of 30% (2018: 30%)	(2,503,050)	5,051,845
Tax effect of franking credits	(451,680)	(307,364)
Utilisation of prior year unrecognised deferred tax asset	(45,773)	-
<b>Income tax expense</b>	<u>(3,000,503)</u>	<u>4,744,481</u>

Deferred income tax at 30 June relates to the following:

	<b>Statement of financial position</b>		<b>Statement of comprehensive income</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$
<i>Deferred Tax Assets</i>				
Tax loss recognised / (utilised)	-	6,118	6,118	3,528,064
Unrealised loss on investments in financial assets	2,112,327	-	(2,112,327)	-
<b>Total DTA</b>	<u>2,112,327</u>	<u>6,118</u>	<u>(2,106,209)</u>	<u>3,528,064</u>
<i>Deferred Tax Liabilities</i>				
Unrealised gain on investments in financial assets	-	(2,593,669)	(2,593,669)	1,216,417
<b>Total DTL</b>	<u>-</u>	<u>(2,593,669)</u>	<u>(2,593,669)</u>	<u>1,216,417</u>
<b>Net (DTL)/DTA</b>	<u>2,112,327</u>	<u>(2,587,551)</u>	<u>(4,699,878)</u>	<u>4,744,481</u>

Deferred tax assets relate to unrealised losses on investments in financial assets. Based on long term movements in the Australian market equity returns, it is probable that the Company will make future taxable profits and such losses will be utilised.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

	30/06/19 \$	30/06/18 \$
<b>Ordinary Shares</b>		
Interim dividend of 0.25 cents per share paid on 22 February 2019 (2018: 0.25 cents per share)	890,031	891,475
Final dividend of 0.25 cents per share declared and provided for at 30 June 2019 (2018: 0.25 cents per share per fully paid ordinary share).	889,826	891,298
Fully franked based on tax paid or payable at 30%		
	<u>1,779,857</u>	<u>1,782,773</u>
<b>Franking Credit Balance</b>		
Franking credits available at the end of the financial year at 30% (2018: 30%)	759,493	390,925
Franking debits that will arise by the payment of dividends as at the end of the financial year	(381,354)	(381,985)
Franking credits that will arise by the payment of June 2019 tax instalment	325,617	-
	<u>703,756</u>	<u>8,940</u>
	<b>30/06/19 \$</b>	<b>30/06/18 \$</b>

**9. OTHER CURRENT ASSETS**

Outstanding Sale Settlements	156,228	2,867,525
GST Receivable	<u>24,527</u>	<u>187,907</u>
	<u>180,755</u>	<u>3,055,432</u>

Note: GST Receivable is non-interest bearing and is generally claimed from the Australian Tax Office on a quarterly basis. Sale settlements are normally settled on 2 day terms. The Company has not had any history of default in settling the sale transactions with any of the brokers it deals with.

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

**10. TRADE AND OTHER PAYABLES**

	30/06/19 \$	30/06/18 \$
Trade Payables	118,933	137,106
Outstanding purchase settlements	<u>2,001,334</u>	<u>588,788</u>
	<u>2,120,267</u>	<u>725,894</u>

Total trade payables are non-interest bearing and normally settled on 30 day terms. Purchase settlements are normally settled on 2 day terms.

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

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. CONTRIBUTED EQUITY**

CONTRIBUTED EQUITY		30/06/19	30/06/18	
		\$	\$	
<i>(a) Contributed Equity</i>				
355,930,586 fully paid ordinary shares (2018: 356,519,055)		<u>72,731,178</u>	<u>72,828,487</u>	
<i>b) Movements in ordinary shares on Issue</i>				
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	356,519,055	72,828,487	357,057,040	72,945,566
- Option Exercise	11,531	2,191	233,594	44,174
- Share Buyback	(600,000)	(99,500)	(771,579)	(129,008)
Less Issue Costs	-	-	-	(32,246)
	<u>355,930,586</u>	<u>72,731,178</u>	<u>356,519,055</u>	<u>72,828,487</u>

**(c) Terms and conditions of contributed equity**

The Company does not have an 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**

As at 30 June 2019 the Company has 35,466,231 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 35,466,231 new ordinary shares in the Company that rank equally with other ordinary shares by the payment of 19.0 cents per option at any time up until expiry date of 31 August 2019. 11,531 of these options were exercised during the period resulting in 11,531 new ordinary shares issued and 1,968 have been exercised between 1 July 2019 and 16 August 2019.

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 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.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	<b>30/06/19</b>	<b>30/06/18</b>
	<b>\$</b>	<b>\$</b>
<b>12. RESERVES</b>		
Profit Reserve	21,290,340	23,070,197
	<u>21,290,340</u>	<u>23,070,197</u>

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	23,070,197	12,757,967
Transferred In from Retained Earnings (a)	-	12,095,003
Dividend Paid	(1,779,857)	(1,782,773)
	<u>21,290,340</u>	<u>23,070,197</u>

(a) The amount transferred in the prior period to profit reserve 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 7 February 2018 and 21 June 2018.

	<b>30/06/19</b>	<b>30/06/18</b>
	<b>\$</b>	<b>\$</b>
<b>13. ACCUMULATED LOSS</b>		
Balance at beginning of the year	(17,766,520)	(17,766,520)
Transferred to Profit Reserve	-	(12,095)
(Loss) / Profit for the year attributable to members	(5,342,998)	12,095,003
	<u>(23,109,518)</u>	<u>(17,766,520)</u>

**14. AUDITOR'S 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	57,500	56,000
- services in relation to tax compliance for the Company	11,000	11,000
	<u>68,500</u>	<u>67,000</u>

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15. RELATED PARTY DISCLOSURES**

***(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 Jefferies and Mr Joyner were the only paid Directors of the Company. The total remuneration payable for the financial year is \$110,000 (2018: \$110,000) of which \$100,456 was a short term benefit (2018: \$100,456) and \$9,544 was post-employment benefit (2018: \$9,544).

***(b) Transactions with Directors or Director Related Entities***

The Directors of Ozgrowth Limited during the year or part thereof were Mr Simon Joyner, Mr Jay Hughes and Mr Michael Jefferies.

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, is considered to be providing Key Management Personnel ("KMP") services as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. Total management fees (inclusive of performance fees where applicable) of \$770,004 (2018: \$2,921,146) were charged in the period for these services. No performance fee was paid in respect of the 2019 financial year (2018: \$2,126,875). There was \$65,097 (2018: \$74,800) accrued for management fees payable as at 30 June 2019.

These fees were charged in accordance with a management agreement. The Management fee is calculated at 1% per annum of funds managed. A Performance fee is payable where performance exceeds 7% over a twelve month period to end of June and is calculated at 20% of the performance 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 \$0.20.

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

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 \$251,608 (2018: \$359,700) was paid in the year as brokerage to Euroz Securities Limited. \$721 of this brokerage was outstanding as at 30 June 2019 (2018: \$2,778). Euroz Securities also provides nominee and custodial services for the Company. No fees were paid in relation to these services in the period (2018: nil).

The above transactions were entered into on normal commercial terms.

***(c) Ultimate Parent***

Ozgrowth Limited is the ultimate Australian parent company.

***(d) Other Related Party Transactions***

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



**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16. EARNINGS PER SHARE**

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

The Company has no dilutive securities on issue.

	<b>30/06/19</b>	<b>30/06/18</b>
	<b>\$</b>	<b>\$</b>
Net (loss) / profit attributable to ordinary equity holders of the Company used in calculating basic earnings per share	(5,342,998)	12,095,003
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	356,247,258	356,746,042
Basic and diluted earnings per share (cents)	(1.5)	3.4

At the date of this report, the Company has on issue 35,464,263 options. These options are exercisable into 34,464,263 new ordinary shares that rank equally with other ordinary shares by the payment of 19.0 cents per option at any time up until expiry date of 31 August 2019.

These options have not been included in the calculation of the diluted earnings per share as the strike price exceeds the average market price of shares.

**17. SUBSEQUENT EVENTS**

No matters or events have occurred subsequent to 30 June 2019 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 as at 30 June 2019 (2018: \$nil).

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**19. NOTES TO THE STATEMENT OF CASH FLOWS**

	30/06/19 \$	30/06/18 \$
<b>(a) Reconciliation of Cash</b>		
For the purpose of the financial report, cash and cash equivalents are expressed as follows:		
Cash at Bank and in hand	5,577,731	13,299,208
	<u>5,577,731</u>	<u>13,299,208</u>
Cash at bank and in hand earns interest at floating rates based on daily deposit rates.		
The fair value of cash and cash equivalents is \$5,577,731 (2018: \$13,299,208). Of the total cash and cash equivalents held at 30 June 2019, \$5,512,809 was held in the investment portfolio. The balance of the cash amount shown in the investment portfolio represents net settlements outstanding and cash required for operational purposes.		
<b>(b) Reconciliation from the Net Profit after Income Tax to Net Cash flows (Used In)/Generated from Operating Activities</b>		
Net (loss) / profit after tax	(5,342,998)	12,095,003
<b>Adjustment for Non-Cash Items:</b>		
<b>Items classified as Investing</b>		
Unrealised loss/ (gain) on shares	15,608,845	(4,054,721)
Realised (gain) on shares	(6,647,640)	(14,791,479)
<b>Changes in Assets and Liabilities:</b>		
Increase/(Decrease) in trade and other payables	1,194,337	14,030
(Increase)/Decrease in GST receivable	163,380	(159,162)
(Decrease)/Increase in deferred tax balances	(4,699,878)	4,744,481
Net Cash generated (used in)/from Operating Activities	<u>276,046</u>	<u>(2,151,848)</u>
<b>c) Financing Facilities Available</b>		

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. All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited. 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 2019 (2018: Nil).

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

*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, amounts due to brokers and distribution payable, which contractually mature within 30 days.

*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.

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 applies a general approach to calculating ECLs, except for those financial assets that apply the low credit risk exemption. Following the adoption of AASB 9, the Company considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. The general approach is described in the accounting policy section 2(d). To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Company considers information that is reasonable and supportable, including historical experience and forward-looking information. Forward-looking information considered includes consideration of external sources of economic information. In particular, the Company takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic when assessing significant movements in credit risk.

The Company holds financial instruments with credit worthy third parties and as such applies the low credit risk simplification. At each reporting period the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making this evaluation, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At 30 June 2019, the Company held significant equities, cash balances and other current receivables in relation to outstanding sale settlements. Cash deposits were held on an at call basis and term deposits have nominated maturity dates not greater than three months forward 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. As at 30 June 2019, all receivables are current with no balances that are past due nor credit-impaired.

*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 usually 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 Investment Manager and the Company will determine the appropriate action to remedy the breach.

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The portfolio position as at 30 June 2019 is as follows:

<b>Investment Portfolio</b>					
<b>Industrials</b>	<b>Number of Shares</b>	<b>Fair value at 30 June 2019</b>	<b>Resources</b>	<b>Number of Shares</b>	<b>Fair value at 30 June 2019</b>
Ausdrill Limited	1,460,090	2,664,664	Alta Zinc Limited	74,000,000	222,000
Autosports Group Limited	1,643,980	2,054,975	Australis Oil & Gas Limited	20,820,000	5,309,100
Cedar Woods Properties Ltd	1,225,484	6,960,749	Berkeley Energia Limited	3,500,000	1,225,000
Empired Ltd	10,000,000	2,650,000	Calima Energy Limited	10,000,000	170,000
Finbar Group Limited	3,800,000	3,192,000	Capricorn Metals Ltd	10,000,000	850,000
Genex Power Limited	8,241,212	1,977,891	Cooper Energy Limited	4,500,000	2,407,500
Macmahon Holdings Limited	20,000,000	3,700,000	Decmil Group Limited	3,097,092	2,802,868
Moboom Limited	1,102,916	110,292	Emerald Resources NL	123,000,000	4,797,000
Southern Cross Elect. Eng. Ltd	3,500,000	1,872,500	Equatorial Resources Ltd	9,785,000	2,739,800
SRG Global Limited	9,000,000	4,365,000	Kingsgate Consolidated Ltd	8,000,000	1,920,000
Swick Mining Services Ltd	1,750,000	393,750	Lucapa Diamond Company Ltd	12,500,000	1,937,500
Zenith Energy Limited	5,850,000	3,012,750	Medusa Mining Limited	2,000,000	1,150,000
		<b>32,954,571</b>	Metro Mining Limited	4,045,764	388,394
			Mincor Resources NL	750,000	326,250
			Neometals Ltd	4,250,000	892,500
			OreCorp Limited	8,005,000	1,721,075
			Pacifico Minerals Limited	88,888,888	533,333
			Red Hill Iron Limited	1,955,000	351,900
			West African Resources Ltd	8,000,000	2,600,000
			Western Areas Limited	1,000,000	1,965,000
					<b>34,309,220</b>
			Cash and outstanding settlements		<b>3,667,703</b>
			Total		<b>70,931,494</b>

*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, which have variable interest rates. The total cash balance at 30 June 2019 was \$5,577,731 (2018: \$13,299,208). 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 2019, cash deposits of \$5,577,731 (2018: \$13,299,208) were held at call. No term deposits with maturities of more than three months (2018: \$nil) were held. No interest was recorded as receivable (2018: \$nil).

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

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 of future trends. The analysis is performed on the same basis for 2018.

		<b>2019</b>		<b>2019</b>	
Change in Basis Points		Effect on Pre Tax Profit (\$)		Effect on Equity including retained earnings (\$)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	27,900	(27,900)	19,530	(19,530)

		<b>2018</b>		<b>2018</b>	
Change in Basis Points		Effect on Pre Tax Profit (\$)		Effect on Equity including retained earnings (\$)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	66,500	(66,500)	46,550	(46,550)

*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 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.

		<b>2019</b>	<b>2019</b>
Index	Change in Index	Effect on Pre Tax profit (\$)	Effect on Equity including retained earnings (\$)
ASX Small Ordinaries Index	Increase 10%/ (Decrease 10%)	6,700,000/ (6,700,000)	4,690,000/ (4,690,000)

		<b>2018</b>	<b>2018</b>
Index	Change in Index	Effect on Pre Tax profit (\$)	Effect on Equity including retained earnings (\$)
ASX Small Ordinaries Index	Increase 10%/ (Decrease 10%)	6,600,000/ (6,600,000)	4,620,000/ (4,620,000)

**OZGROWTH LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Ozgrowth 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 2019 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 ended 30 June 2019.

On behalf of the Board



**Jay Hughes**  
**Non-Executive Chairman**  
**Dated: 21 August 2019**

## Independent Auditor's Report to the Shareholders of Ozgrowth Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Ozgrowth Limited (the Company), which comprises the statement of financial position as at 30 June 2019, 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 2019 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.

## 1. Investment valuation

### Why significant

The Company has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2019, the value of these financial assets, per Note 5 to the financial report was \$67.2 million, which represents 89% 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.

### How our audit addressed the key audit matter

We assessed the fair value of significant investments in the portfolio held at 30 June 2019 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

Management and performance fees paid to the investment manager, Westoz Funds Management Pty Ltd, are the most significant expense for the Company.

As at 30 June 2019, management and performance fees totalled \$0.8 million which represents 70% 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 accrual 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 has 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.

### How our audit addressed the key audit matter

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 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.



### 3. Income taxes – recognition and recoverability of deferred tax assets

#### Why significant

At 30 June 2019, the Company has recognised \$2.1 million of net deferred tax assets (“DTA”) consisting of unrealised investment losses. The analysis of the recognition and recoverability of the deferred tax assets was considered a key audit matter due to the value of the asset, the judgements involved in the assessment process as assumptions are affected by expected future market or economic conditions.

The Company recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered as disclosed in note 7 to the financial report. The probability of recovery is impacted by uncertainties regarding the likely timing and level of future taxable profits.

#### How our audit addressed the key audit matter

Our tax specialists were involved in the assessment of the recognition of deferred tax balances based on local tax regulations.

We analysed the recoverability of the deferred tax assets by assessing the Company’s estimated future taxable income. We considered the assumptions used in this forecast and considered the historical accuracy of the Company’s forecasting. We performed sensitivity analyses on the key assumptions in the forecasts.

We assessed the adequacy of the disclosures in Note 7 to the financial report.

### 4. Dividend payment

#### Why significant

After the provision for the dividend disclosed in Note 8 of the financial report, the Company had net assets of \$70.9 million which is lower than the contributed equity (share capital) of \$72.7 million at 30 June 2019.

The Company is required to ascertain that the provision for dividend is in compliance with the requirements of the Corporations Act 2001 and is not a return of capital.

#### How our audit addressed the key audit matter

We considered the legal advice obtained by the Company to assess whether the proposed dividend complies with the requirements of Corporations Act 2001, with particular consideration given to the status of the dividend under the Act.

### Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the Directors’ Report accompanying the financial 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.
- ▶ 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.

## Report on the Audit of the Remuneration Report

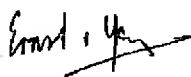
### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Ozgrowth Limited for the year ended 30 June 2019, 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  
21 August 2019