ANNUAL REPORT 2019

WESTOZ
INVESTMENT COMPANY LIMITED

Financial Highlights

FULLY FRANKED DIVIDEND	6.0 CENTS
FULLY FRANKED DIVIDEND YIELD	5.8%[1]
DIVIDENDS PAID SINCE INCEPTION	$117m
ANNUALISED PORTFOLIO RETURN SINCE INCEPTION	12.6%[1]

1. As at 30 June 2019

CONTENTS

CORPORATE DIRECTORY

REGISTERED OFFICE

LEVEL 18, ALLUVION
58 MOUNTS BAY ROAD
PERTH WA 6000
TELEPHONE: (08) 9321 7877
FACSIMILE: (08) 9321 8288
WEBSITE: WWW.WESTOZ.COM.AU

AUDITORS

ERNST & YOUNG
11 MOUNTS BAY ROAD
PERTH WA 6000

BANKERS

WESTPAC BANKING CORPORATION
109 ST GEORGE'S TERRACE
PERTH WA 6000

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LTD
LEVEL 11, 172 ST GEORGES TERRACE
PERTH WA 6000
TELEPHONE: 1300 749 533

BOARD OF DIRECTORS

JAY HUGHES
NON-EXECUTIVE CHAIRMAN

TERRY BUDGE
INDEPENDENT NON-EXECUTIVE DIRECTOR

SIMON JOYNER
INDEPENDENT NON-EXECUTIVE DIRECTOR

ANTHONY HEWETT
COMPANY SECRETARY

Chairman's Report

AND THE PERIOD IN REVIEW

ON BEHALF OF MY FELLOW DIRECTORS, I PRESENT THE 2019 ANNUAL REPORT FOR THE COMPANY.

Significant results from the year are:

- Directors have declared a final dividend of 3.0 cents per share fully franked. An interim dividend of 3.0 cents per share fully franked was paid in February 2019.
- The Company ended the 2019 financial year with $39,606,065 in profit reserve and $6,000,037 available in franking credits.
- At 30 June 2019, net assets of the Company were $151,843,191 or 114.0 cents per share[1].
- Westoz Investment Company Limited has recorded a pre-tax loss of $5,879,635 and net loss after tax of $2,937,523.

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

The 2019 financial year was an interesting one for equity markets with changing expectations on the future path of interest rates proving to be the predominant driver of global financial markets. Several factors had a positive impact on the local bourse including: a supply-shock driven iron ore price increase; a rally in the bank stocks post the Royal Commission into Financial Services; and, a surprise election win by the Coalition.

The overall Australian market increased in value by 11.0% over the period whilst the index focused on smaller companies lagged behind with a 1.9% gain. The Small Resources Index experienced a tougher year and declined 12.7%.

Our investment portfolio posted a negative return of 2.2% over the 2019 financial year, calculated on a comparable basis to the market indices. It is pleasing to report this lost ground has been regained in the first two months of the 2020 financial year with our portfolio generating a positive return of 7.9% over July and August. Using a longer-term timeframe our investment portfolio has generated an average return of 13.0% per annum since inception to August 2019. As ever, our strategy is focused on utilising our experience to identify attractive investment prospects from our base in Western Australia.

Western Australia was negatively impacted by restricted consumer credit conditions in financial year 2019. Recent economic releases suggest the worst may be behind us and forecast capital expenditure indicates better conditions may lie ahead.

The financial statements in this report demonstrate our Company's reserves and franking credit balance. With these in mind the Westoz Investment Company Directors have released a target dividend of 6c per share for the 2020 financial year.

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

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

Yours sincerely

JAY HUGHES
Non-Executive Chairman

ABOUT WESTOZ

- Westoz Investment Company Limited is a listed investment company that focuses on producing a positive return on funds invested.
- It was formed on 11 March 2005 and raised its initial capital for investment in May 2005. As at 30 June 2019, it had $155,704,626 of assets in its investment portfolio.
- The company has appointed Westoz Funds Management Pty Ltd as manager to oversee the investment of its portfolio of assets. The manager is a wholly owned subsidiary of Euroz Limited, a listed company that operates as a diversified financial services company based in Western Australia.
- The investment mandate is to identify undervalued companies listed on the Australian Securities Exchange and to invest to produce a positive return. Because of the geographic location of the manager, it is anticipated that the majority of situations identified will have a connection to Western Australia.
- The manager is paid a base fee of 1% per annum of funds managed. In addition, a performance fee is payable where the increase in the portfolio value exceeds 10% over a twelve month period to end of June and is calculated at 20% of the increase exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by $1.00.

[1] *This figure is calculated by dividing the net assets as set out in the Statement of Financial Position by the number of ordinary shares on issue as at the reporting date and is after allowance for dividends and all costs.*

Investment Manager's Report

PORTFOLIO RETURN

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

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

The overall performance of the portfolio before fees and taxes on this basis over the 2019 financial year was -2.2% (2018: 39.1%). Since inception in 2005, the portfolio has generated an average geometric annual return of 13.0% to August 2019.

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

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

Over the twelve months, this number decreased from $1.225 at 30 June 2018 to $1.140 at 30 June 2019.

At 30 June 2019, a provision for payment of 3.0 cents per share by way of dividend was made. This dividend was paid in August 2019.

ASSET ALLOCATION

Cash levels as a percentage of total assets declined from 31% to 26% over the period. Industrial share exposure rose from 39% to 44% with Resources steady at 30%.

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

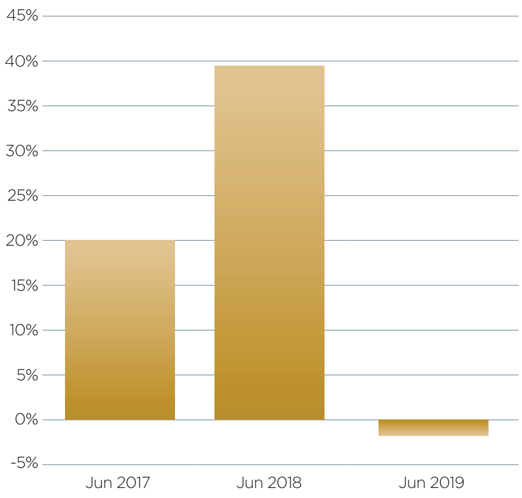
OUTLOOK

Market volatility increased throughout the 2019 financial year and it seems reasonable to expect more of the same in the short term. The first two months of the 2020 financial year illustrate this expectation with the local index up 3% in July before surrendering all these gains in August. Pleasingly, the net tangible assets per share (before tax on unrealised gains) of Westoz Investment Company has increased by 8.7 cents over this period. Over the medium to longer term our investment focus will remain focused on "Finding the Best in the West" and we remain confident of continuing to produce positive returns over the cycle.

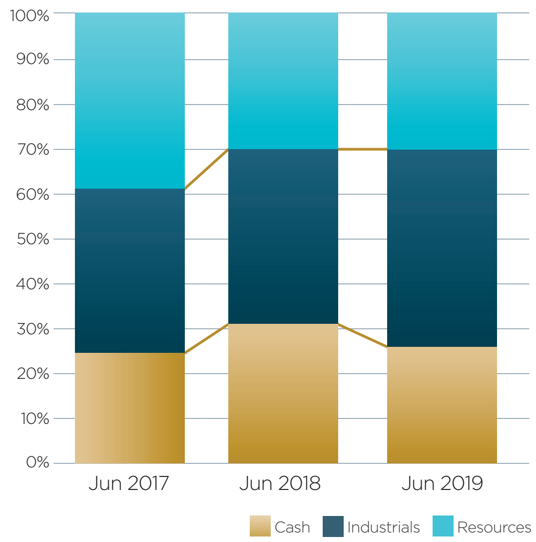
The West Australian economy was impacted last year by nationwide credit tightening and the knock-on impact on consumer confidence. Recent economic releases on the local economy provide some evidence that we are lifting off the bottom. We are hopeful an increase in private capital expenditure, particularly in the resources industry, will see the WA economy expand over the forthcoming years.

We would encourage shareholders and prospective shareholders to utilise our shareholder communications channels, which include: weekly emails; monthly video updates; and, periodic presentations.

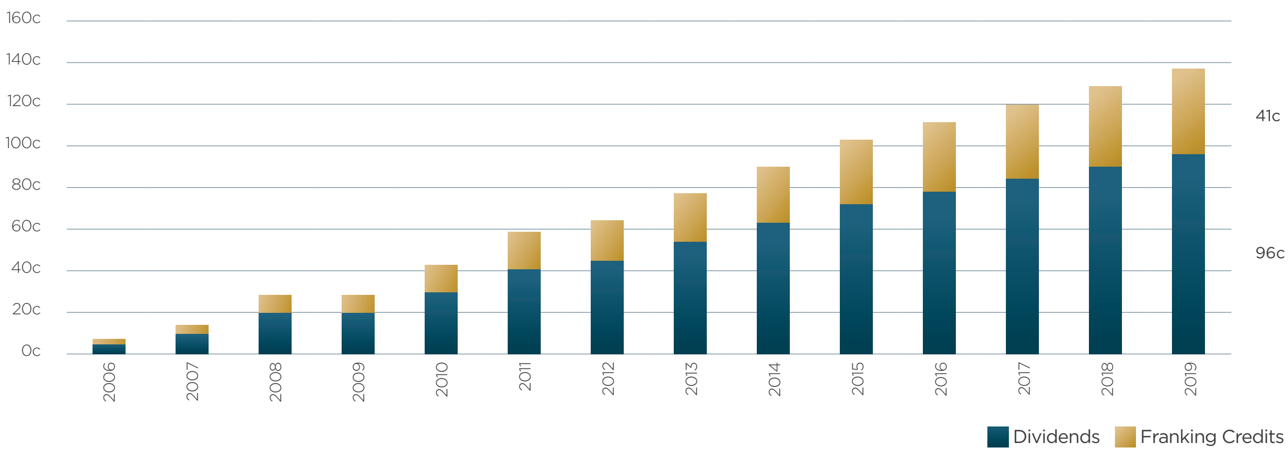
PORTFOLIO PERFORMANCE



ASSET ALLOCATION



DIVIDEND AND FRANKING CREDIT RETURN



INVESTMENT PORTFOLIO

Industrials	Number of Shares	Fair value at 30 June 2019
Ausdrill Limited	6,500,000	11,862,500
Australian Finance Group Ltd	1,000,000	1,575,000
Australian Leaders Fund Ltd	1,844,330	1,678,340
Cedar Woods Properties Ltd	2,650,000	15,052,000
Emeco Holdings Ltd	2,750,000	5,692,500
Finbar Group Ltd	12,784,777	10,739,213
Macmahon Holdings Ltd	47,199,999	8,732,000
Peet Ltd	2,000,000	2,240,000
Southern Cross Elect. Eng. Ltd	9,500,000	5,082,500
SRG Global Ltd	6,000,000	2,910,000
Zenith Energy Ltd	4,198,276	2,162,112
		67,726,165
Short Positions		**(14,190,000)**

Resources	Number of Shares	Fair value at 30 June 2019
Australis Oil & Gas Ltd	48,615,000	12,396,825
Beach Energy Ltd	400,000	792,000
Berkeley Energia Ltd	3,500,000	1,225,000
BHP Group Ltd	300,000	12,348,000
Cooper Energy Ltd	13,500,000	7,222,500
Equatorial Resources Ltd	3,860,000	1,080,800
Kingsgate Consolidated Ltd	6,010,000	1,442,400
Neometals Ltd	11,650,000	2,446,500
Orecorp Ltd	18,545,000	3,987,175
OZ Minerals Ltd	200,000	2,006,000
Sandfire Resources NL	800,000	5,352,000
West African Resources Ltd	16,000,000	5,200,000
Western Areas Ltd	3,000,000	5,895,000
		61,394,200
Cash and outstanding settlements and funds due from short sale		**40,774,261**
Total		**155,704,626**

2019 Financial Report

CONTENTS | PAGE

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

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

Terry Budge

Simon Joyner

Mr Jay Hughes, Non-Executive Chairman

Mr Hughes is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He is an Executive Director of Euroz Limited, Euroz Securities Limited, Westoz Funds Management Pty Ltd, Prodigy Investment Partners Limited and Non-Executive Chairman of Ozgrowth 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 Advisers Association of Australia (SAFAA).

Mr Terry Budge, Independent Non-Executive Director

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

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 Ozgrowth Limited. 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 AICD.

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:

	Directors' Meetings Held During Period Of Appointment	Directors' Meetings Attended During Period Of Appointment	Audit Committee Meetings Held During Period Of Appointment	Audit Committee Meetings Attended During Period Of Appointment
Jay Hughes	12	12	2	2
Simon Joyner	12	12	2	2
Terry Budge	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 period, 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 ($2,937,523) (2018: profit of $30,071,516).

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

5. DIVIDENDS

An interim dividend of $4,069,138 (3.0 cents per share) was paid on 22 February 2019 (2018: $3,920,679, 3.0 cents per share).

The Board of Directors has provided for the payment of a further dividend of $3,997,309 or 3.0 cents per share (2018: $3,925,312 or 3.0 cents per share) in the 30 June 2019 financial statements.

6. REVIEW OF OPERATIONS

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

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

7. STATE OF AFFAIRS

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

8. SUBSEQUENT EVENTS

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

9. LIKELY DEVELOPMENTS AND FUTURE RESULTS

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

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. Westoz Investment Company Directors have determined to target a dividend payment of 6.0 cents per share in respect of the 2020 financial year. It is anticipated that the payment of this dividend would occur in February (3.0 cents) and August (3.0 cents) of the 2020 calendar year.

10. DIRECTORS' INTERESTS

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

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

11. SHARE OPTIONS

As at 30 June 2019, the Company had 8,636,315 options on issue. The options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options are exercisable into 8,636,315 new ordinary shares in the Company that rank equally with other ordinary shares by the payment of $1.06 per option at any time up until expiry date of 31 August 2019. Of these options, 2,407,960 were exercised during the period resulting in 2,407,960 new ordinary shares issued and 910,023 options have been exercised between 1 July 2019 to 16 August 2019. As at the date of this report, the Company has 7,726,292 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.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Westoz Investment Company 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 11 March 2005
Simon Joyner	Independent Director	Appointed 5 July 2016
Terry Budge	Independent Director	Appointed 4 April 2005

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

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

	Balance 1 July 2018		Net Change		Balance 30 June 2019	
Director	**Shares**	**2019 $1.06 Options[1]**	**Shares**	**2019 $1.06 Options[1]**	**Shares**	**2019 $1.06 Options[1]**
Jay Hughes						
Held directly or indirectly	951,500	-	-	-	951,500	-
Simon Joyner						
Held directly or indirectly	390,500	-	-	-	390,500	-
Terry Budge						
Held directly or indirectly	215,748	-	-	-	215,748	-

1. The 2019 $1.06 options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and exercisable up until 31 August 2019. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.

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

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

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

2. Unexercised 2017 $1.05 options expired on 31 August 2017. The 2017 $1.05 options were issued pursuant to the Bonus Issue prospectus issued on 13 September 2016 to all shareholders and 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.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

Details of remuneration for the years ended 30 June 2019 and 30 June 2018 is as follows:

		Short-term Base Fee ($)	Post-employment Superannuation ($)	Total ($)
S Joyner	2019	50,228	4,772	55,000
	2018	50,228	4,772	55,000
T Budge	2019	55,000	-	55,000
	2018	55,000	-	55,000

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

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

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, provides Key Management Personnel ("KMP") services to Westoz Investment Company Limited as it has the authority for the management of the investment portfolio of Westoz Investment Company Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. A total (inclusive of performance fees where applicable) of $1,694,573 (2018: $9,511,758) was charged in the period for these services. No performance fee was paid in respect of the 2019 financial year (2018: $7,841,250). There is $142,722 outstanding as at 30 June 2019 (2018: $157,300).

These fees were charged in accordance with a management agreement. Management fee is calculated at 1% per annum of funds managed. A performance fee is payable where performance exceeds 10% over a twelve month period to the end of June and is calculated at 20% of the increase exceeding the threshold. The performance fee is based on the above performance condition to be able to link the performance of the company to the services provided by the fund manager. Euroz Securities also provided Nominee and Custodial services for the Company. No fees were paid in relation to these services in the period (2018:NIL).

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

Euroz Securities Limited, a company of which Mr Hughes is a Director, received brokerage fees for transactions undertaken by the company in respect of its investments. An amount of $768,056 was paid in the period (2018: $907,815) as brokerage to Euroz Securities Limited. There is $1,060 outstanding as at 30 June 2019 (2018: $9,166).

The above transactions were entered into on normal commercial terms.

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

Financial Year Ending June 30	Earnings per Share (cents)	Dividend Per Share (cents)	Share price at balance date (cents)
2015	(15.5)	9.0	92.5
2016	0.1	6.0	82.5
2017	12.5	6.0	96.0
2018	23.2	6.0	116.5
2019	(2.2)	6.0	103.0

There are no long term incentives payable.

(End of Remuneration Report)

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

14. CORPORATE GOVERNANCE

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

15. INDEMNIFICATION OF AUDITORS

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

16. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 15 and forms part of Westoz Investment Company Limited's Directors' report for the year ended 30 June 2019.

Non-audit Services:

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

	$
Tax Compliance	11,000

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

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

JAY HUGHES

Non-Executive Chairman

Dated: 21 August 2019

Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

Building a better working world

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

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the audit of the financial report of Westoz Investment Company 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

RK:DA:WIC:035

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue			
Interest revenue		482,369	390,573
Dividend revenue		4,554,706	3,107,674
Other		-	47,203
Total Revenue		**5,037,075**	**3,545,450**
Changes in the fair value of investments at fair value through profit or loss	4	(8,848,446)	48,021,381
		(3,811,371)	**51,566,831**
Expenses			
Management and performance fees	15(b)	1,694,573	9,511,758
Director fees	15(a)	110,000	110,000
Professional fees		79,143	76,608
Share registry costs		46,498	60,827
ASX fees		66,282	62,520
Other expenses	6	71,768	39,218
Total Expenses		**2,068,264**	**9,860,931**
(Loss) / profit before income tax expense		(5,879,635)	41,705,900
Income tax benefit / (expense)	7	2,942,112	(11,634,384)
Net (loss) / profit attributable to members of the company		**(2,937,523)**	**30,071,516**
Other Comprehensive Income		-	-
Total comprehensive income for the period		**(2,937,523)**	**30,071,516**
(Loss) / earnings per share (cents)			
• Basic	16	(2.2)	23.2
• Diluted	16	(2.2)	23.0

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	19 (a)	29,768,047	44,689,356
Due from broker in relation to short sales		11,303,542	7,390,262
Other current assets	9	51,914	3,688,381
Total current assets		**41,123,503**	**55,767,999**
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss:			
• Listed Equities	5	129,120,364	127,077,961
Deferred tax assets	7	2,048,676	-
Total non-current assets		**131,169,040**	**127,077,961**
TOTAL ASSETS		**172,292,543**	**182,845,960**
CURRENT LIABILITIES			
Trade and other payables	10	478,256	1,697,003
Financial liabilities at fair value through profit or loss:			
• Listed equity securities sold short	5	14,190,000	9,540,000
Income tax payable		1,783,787	2,100,101
Dividend payable	8	3,997,309	3,925,312
Total current liabilities		**20,449,352**	**17,262,416**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	-	5,290,379
Total non-current liabilities		**-**	**5,290,379**
TOTAL LIABILITIES		**20,449,352**	**22,552,795**
NET ASSETS		**151,843,191**	**160,293,165**
EQUITY			
Contributed equity	11	142,794,312	140,240,316
Profit reserve	12	39,606,065	47,672,512
Accumulated loss	13	(30,557,186)	(27,619,663)
TOTAL EQUITY		**151,843,191**	**160,293,165**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		482,369	390,574
Dividends received		4,554,706	3,107,674
Payments to suppliers (incl. of GST)		(1,514,961)	(10,295,295)
Income tax paid		(4,700,560)	-
Net cash flows used in operating activities	19(b)	**(1,178,446)**	**(6,797,047)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments at fair value through profit or loss		98,116,573	148,538,111
Payments for purchases of investments at fair value through profit or loss		(106,418,982)	(121,604,525)
Net cash flows (used in) / from investing activities		**(8,302,409)**	**26,933,586**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares, net of issue costs		2,561,988	1,921,310
Share buyback		(7,992)	(9,600)
Dividends paid		(7,994,450)	(7,790,847)
Net cash flows used in financing activities		**(5,440,454)**	**(5,879,137)**
Net (decrease) / increase in cash held		(14,921,309)	14,257,402
Cash and cash equivalents at the beginning of the period		44,689,356	30,431,954
Cash and cash equivalents at the end of the period	19(a)	**29,768,047**	**44,689,356**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Contributed Equity $	Profit Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2018	140,240,316	47,672,512	(27,619,663)	160,293,165
Loss for the year	-	-	(2,937,523)	(2,937,523)
Total Comprehensive income for the year	-	-	(2,937,523)	(2,937,523)
Transactions with owners in their capacity as owners:				
Issued capital	2,561,988	-	-	2,561,988
Share buyback	(7,992)	-	-	(7,992)
Dividends for the year	-	(8,066,447)	-	(8,066,447)
At 30 June 2019	**142,794,312**	**39,606,065**	**(30,557,186)**	**151,843,191**

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

The financial report of Westoz Investment Company 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.

Westoz Investment Company 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.

Westoz Investment Company Limited does not control any entities as 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*: The Company has adopted AASB 15 using the modified retrospective method of adoption. The adoption of this standard does not have any financial impact as the Company does not have any material contracts falling directly within the scope of AASB 15.
- 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.

- Cash and amount due from brokers 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.
- Listed and unlisted equity instruments continue to be classified as financial assets at fair value through profit and loss under AASB 9. (Amount on transition: $127,077,961)
- Financial liabilities at fair value through profit or loss under AASB 139 continue to be classified as financial liabilities at fair value through profit and loss under AASB 9. (Amount on transition: $9,540,000)
- Cash balances 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 (Amount on transition: $44,689,356)
- Amounts due from brokers 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 (Amount on transition: $7,390,262)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

(b) Statement of Compliance (cont'd)

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.

Reference	Title	Summary of the new 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	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: • Chapter 1 - The objective of financial reporting • Chapter 2 - Qualitative characteristics of useful financial information • Chapter 3 - Financial statements and the reporting entity • Chapter 4 - The elements of financial statements • Chapter 5 - Recognition and derecognition • Chapter 6 - Measurement • Chapter 7 - Presentation and disclosure • Chapter 8 - Concepts of capital and capital maintenance 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.	The Company is in the process of assessing the impact of the amendments	1 January 2020	1 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

Reference	Title	Summary of the new standard or amendment	Impact on Company	Application date of standard	Application date for the Company
AASB 2017-4	Uncertainty over Income Tax Treatments	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances.	The Company is in the process of assessing the impact of the amendments	1 January 2019	1 July 2019
AASB 2018-7	Amendments to Australian Accounting Standards - Definition of Material	This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

(d) Financial assets and liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

(d) Financial assets and liabilities (cont'd)

(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 reporting date.

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

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

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

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

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

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

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

(g) Other Taxes

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

(g) Other Taxes (cont'd)

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

The following specific recognition criteria must also be met before revenue is recognised:

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

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

(i) Trade and Other Payables

Liabilities for trade creditors and other amounts are 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 period adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to ordinary equity holders, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

(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

Taxes

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

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

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

3. SEGMENT INFORMATION

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

The company operated in one geographical area being Australia.

4. CHANGES IN FAIR VALUE OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 $	2018 $
Net realised gain on disposal of investments	16,301,744	37,077,427
Net unrealised (loss) / gain on investments	(25,150,190)	10,943,954
	(8,848,446)	**48,021,381**

The total number of contract notes that were issued for transactions during the financial year was 591 (2018: 868). The total brokerage paid on these contract notes was $788,134 (2018: $946,103).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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 $
Financial assets and liabilities at fair value through profit or loss				
(i) Listed equities - long	129,120,364	-	-	129,120,364
(ii) Listed equities - short	(14,190,000)	-	-	(14,190,000)
	114,930,364	**-**	**-**	**114,930,364**

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

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 and offer price for short positions), without any deduction for transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

6. OTHER EXPENSES

	2019 $	2018 $
Expenses		
Marketing	10,621	8,785
Other	61,147	30,433
	71,768	**39,218**

7. INCOME TAX

The major components of income tax expense are:

	2019	2018
Statement of comprehensive income		
Current Income Tax		
Current income tax charge	4,439,717	2,100,101
Deferred income tax		
Recognition of prior year deferred tax asset	(42,774)	-
Relating to origination and reversal of temporary differences	(7,339,055)	9,534,283
Income tax (benefit) / expense reported in statement of comprehensive income	**(2,942,112)**	**11,634,384**

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

	2019	2018
Accounting (loss) / profit before tax	(5,879,635)	41,705,900
Tax at the statutory income tax rate of 30% (2018: 30%)	(1,763,890)	12,511,770
Tax effect of franking credits	(1,135,448)	(877,386)
Utilisation of prior year unrecognised deferred tax asset	(42,774)	-
Income tax (benefits) / expense	**(2,942,112)**	**11,634,384**

Deferred Income tax

Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of comprehensive income	
	2019 $	2018 $	2019 $	2018 $
Deferred Tax Assets				
Tax loss recognised	-	-	-	(6,219,372)
Unrealised gain/(loss) on investments in financial assets	2,048,676	-	(2,048,676)	-
Total DTA	2,048,676	-	(2,048,676)	(6,219,372)
Deferred Tax Liabilities				
Unrealised gain on investments in financial assets	-	(5,290,379)	(5,290,379)	(3,314,911)
Total DTL	-	(5,290,379)	(5,290,379)	(3,314,911)
Net DTA/(DTL)	2,048,676	(5,290,379)	(7,339,055)	(9,534,283)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2019 $	2018 $
Ordinary Shares		
An interim dividend of 3.0 cent per share has been declared and paid for on 22 February 2019 (2018 – 3.0 cents)		
Fully franked based on tax paid or payable at 30%	4,069,138	3,925,312
A final dividend of 3.0 cents per share has been declared and provided for at 30 June 2019 (2018 – 3.0 cents)		
Fully franked based on tax paid or payable at 30%	3,997,309	3,920,679
Total dividends paid or declared	**8,066,447**	**7,845,991**

Franking Credit Balance		
Franking credits available at the end of the financial year at 30% (2018 – 30%)	6,000,037	3,131,708
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	2,375	2,100,101
Franking debits that will arise by the payment of dividends as at the end of the financial year	(1,713,132)	(1,682,277)
	4,289,280	**3,549,532**

9. OTHER CURRENT ASSETS

Outstanding sale settlements	-	3,050,139
GST receivable	51,914	638,242
	51,914	**3,688,381**

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

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

10. TRADE AND OTHER PAYABLES

Trade payables	212,040	232,368
Outstanding purchase settlements	266,216	1,464,635
	478,256	**1,697,003**

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

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

11. CONTRIBUTED EQUITY

(a) Contributed equity		
133,243,619 fully paid ordinary shares (2018: 130,843,732 fully paid ordinary shares)	**142,794,312**	**140,240,316**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

11. CONTRIBUTED EQUITY (CONT'D)

(b) Movements in ordinary shares on Issue

	2019		2018	
	Number of Shares	$	Number of Shares	$
Beginning of the financial period	130,843,732	140,240,316	129,005,588	138,328,606
Issued during the period				
• Option Exercise	2,407,960	2,561,988	1,848,144	1,958,977
• Share Buyback	(8,073)	(7,992)	(10,000)	(9,600)
Equity Raising Costs	-	-	-	(38,667)
	133,243,619	**142,794,312**	**130,843,732**	**140,240,316**

(c) Terms and conditions of contributed equity

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

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

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

(d) Options

As at 30 June 2019, the Company has 8,636,315 options on issue. The options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options are exercisable into 8,636,315 new ordinary shares in the Company that rank equally with other ordinary shares by the payment of $1.06 per option at any time up until expiry date of 31 August 2019. Of these options, 2,407,960 were exercised during the period resulting in 2,407,960 new ordinary shares issued. 910,023 of these options 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 2001 and the ASX Listing Rules at the time of the reconstruction.

(e) Capital Management

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

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

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

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

12. PROFIT RESERVE

	2019 $	2018 $
Profit Reserve	39,606,065	47,672,512
	39,606,065	47,672,512

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

12. PROFIT RESERVE (CONT'D)

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

Movement in Profits Reserve	2019 $	2018 $
Balance at beginning of the year	47,672,512	25,446,987
Transferred from Retained Earnings (a)	-	30,071,516
Provision for dividend	(8,066,447)	(7,845,991)
	39,606,065	**47,672,512**

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

13. ACCUMULATED LOSS

Balance at beginning of the year	(27,619,663)	(27,619,663)
Transferred to Profit Reserve	-	(30,071,516)
(Loss) / profit for the year attributable to members	(2,937,523)	30,071,516
	(30,557,186)	**(27,619,663)**

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
	68,500	**67,000**

15. RELATED PARTY DISCLOSURE

(a) Remuneration of Directors and Executives

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

Mr Budge and Mr Joyner are the only paid Directors of the Company in the financial years. The total remuneration payable for the financial period is $110,000 (2018: $110,000) of which $105,228 was a short term benefit (2018: $105,228) and $4,772 was post-employment benefit (2018: $4,772).

(b) Transactions with Directors or Director Related Entities

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

Westoz Funds Management Pty Ltd, a company of which Mr Hughes was a Director provides Key Management Personnel ("KMP") services to Westoz Investment Company Limited as it has the authority for the management of the investment portfolio of Westoz Investment Company Limited. Westoz Funds Management Pty Ltd received management fees from the company for the management of its assets. A total (inclusive of performance fees where applicable) of $1,694,573 (2018: $9,511,758) was charged in the period for these services. No performance fee was paid in respect of the 2019 financial year (2018: $7,841,250). There is $142,722 outstanding as at 30 June 2019 (2018: $157,300).

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

15. RELATED PARTY DISCLOSURE (CONT'D)

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

Euroz Securities Limited, a company of which Mr Hughes was a Director received fees for brokerage on transactions undertaken by the company in respect of its investments. An amount of $768,056 was paid in the period (2018: $907,815) as brokerage to Euroz Securities Limited. There is $1,060 outstanding as at 30 June 2019 (2018: $9,166). 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

Westoz Investment Company Limited is the ultimate Australian parent company.

(d) Other Related Party Transactions

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

16. EARNINGS PER SHARE

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

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

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

	2019 $	2018 $
Net (loss) / profit attributable to ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share	(2,937,523)	30,071,516
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	133,018,235	129,714,765
Weighted average number of ordinary shares on issue used in the calculation of diluted per share	133,692,185	130,587,061
Basic earnings per share (cents)	(2.2)	23.2
Diluted earnings per share (cents)	(2.2)	23.0

At the date of this report, the Company has on issue 7,726,292 options. These options are exercisable into 7,726,292 new ordinary shares that rank equally with other ordinary shares by the payment of $1.06 per option at any time up until expiry date of 31 August 2019.

These options have been included in the calculation of the diluted earnings per share in the current period as the strike price is lower than 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).

19. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of Cash

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

Cash at Bank and in hand	29,768,047	44,689,356
	29,768,047	**44,689,356**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

19. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(a) *Reconciliation of Cash (cont'd)*

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

The fair value of cash and cash equivalents is $29,768,047 (2018: $44,689,356). Of the total cash and cash equivalents held at 30 June 2019, $29,736,936 was held in the investment portfolio. The balance of the cash amount shown in the investment portfolio includes net settlements outstanding and outstanding short sale amounts.

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

	2019 $	2018 $
Net (loss) / profit after tax	(2,937,523)	30,071,516
Adjustment for Non-Cash Items:		
Items classified as Investing		
Unrealised loss /(gain) on shares	25,150,190	(10,943,954)
Realised loss /(gain) on shares	(16,301,744)	(37,077,427)
Changes in Assets and Liabilities:		
Increase/(decrease) in trade and other payables	(20,327)	29,709
(Increase)/decrease in other assets	586,328	(511,274)
Increase/(decrease) in tax payable	(316,315)	2,100,101
Increase/(decrease) in deferred tax liabilities	(7,339,055)	9,534,282
Net Cash used in Operating Activities	**(1,178,446)**	**(6,797,047)**

(c) *Financing Facilities Available*

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

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's principal financial instruments comprise listed equities, cash, short term deposits and outstanding sale and purchase settlements. 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.

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

Liquidity Risk

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

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise financial liabilities at fair value through profit or loss, trade, other payables 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

Credit Risk (cont'd)

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 balance and other current assets. Cash deposits were held with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA- (long term) and A-1+ (short term). Listed equities were held under a nominee arrangement with Euroz Securities Limited which operates and maintains required prudential matters under an Australian Financial Services Licence. 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 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.

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

Investment Portfolio

Industrials	Number of Shares	Fair Value at 30 June 2019
Ausdrill Limited	6,500,000	11,862,500
Australian Finance Group Ltd	1,000,000	1,575,000
Australian Leaders Fund Ltd	1,844,330	1,678,340
Cedar Woods Properties Ltd	2,650,000	15,052,000
Emeco Holdings Ltd	2,750,000	5,692,500
Finbar Group Ltd	12,784,777	10,739,213
Macmahon Holdings Ltd	47,199,999	8,732,000
Peet Ltd	2,000,000	2,240,000
Southern Cross Elect. Eng. Ltd	9,500,000	5,082,500
SRG Global Ltd	6,000,000	2,910,000
Zenith Energy Ltd	4,198,276	2,162,112
		67,726,165
Short Positions		**(14,190,000)**

Resources	Number of Shares	Fair Value at 30 June 2019
Australis Oil & Gas Ltd	48,615,000	12,396,825
Beach Energy Ltd	400,000	792,000
Berkeley Energia Ltd	3,500,000	1,225,000
BHP Group Ltd	300,000	12,348,000
Cooper Energy Ltd	13,500,000	7,222,500
Equatorial Resources Ltd	3,860,000	1,080,800
Kingsgate Consolidated Ltd	6,010,000	1,442,400
Neometals Ltd	11,650,000	2,446,500
Orecorp Ltd	18,545,000	3,987,175
OZ Minerals Ltd	200,000	2,006,000
Sandfire Resources NL	800,000	5,352,000
West African Resources Ltd	16,000,000	5,200,000
Western Areas Ltd	3,000,000	5,895,000
		61,394,200
Cash and outstanding settlements and funds due from short sale		**40,774,261**
		155,704,626

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

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

Interest Rate Risk

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

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and short term deposits. The total cash balance at 30 June 2019 was $29,768,047 (2018: $44,689,356). 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 $29,768,047 (2017: $44,689,356) were held at call. No interest was recorded as a receivable (2018: $nil).

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

		2019		2019	
Change in Basis Points		Effect on Pre Tax Profit ($)		Effect on Equity including retained earnings ($)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	148,850	(148,850)	104,195	(104,195)

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

Equity Price Risk

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

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

		2019	2019
Index	Change in Index	Effect on Pre Tax Profit ($)	Effect on Equity including retained earnings ($)
ASX Small Ordinaries Index	Increase 10%/(Decrease 10%)	11,490,000/(11,490,000)	8,045,000/(8,045,000)

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

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 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.

   (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2019.

On behalf of the Board

Jay Hughes
Non-Executive Chairman

Dated: 21 August 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Building a better working world

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

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Report on the Audit of the Financial Report

Opinion

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

RK:DA:WIC:034

INDEPENDENT AUDITOR'S REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

Building a better working world

1. Investment valuation

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2019, the value of these financial assets, per Note 5 to the financial report was $129.1 million, which represents 75% of the total assets held by the Company. As detailed in the Company's accounting policy, as described in Note 2(d) of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Volatility and other market drivers can have a significant impact on the value of these financial assets, therefore valuation of the investment portfolio was considered a key audit matter.	We assessed the fair value of significant investments in the portfolio held at 30 June 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	How our audit addressed the key audit matter
Management and performance fees paid to the investment manager, Westoz Funds Management Pty Ltd, are the most significant expense for the Company. As at 30 June 2019, management and performance fees totalled $1.69 million which represents 82 % 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.	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.

RK:DA:WIC:034

INDEPENDENT AUDITOR'S REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

Building a better working world

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

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the Company has recognised $2.0 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.	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.

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.

RK:DA:WIC:034

INDEPENDENT AUDITOR'S REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

Building a better working world

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.

RK:DA:WIC:034

INDEPENDENT AUDITOR'S REPORT (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2019

Building a better working world

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 Westoz Investment Company 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

RK:DA:WIC:034

ASX ADDITIONAL INFORMATION

AS AT 21 AUGUST 2019

SHAREHOLDER INFORMATION

A) DISTRIBUTION OF SHAREHOLDERS

Analysis of number of shareholders by size of holding.

	Ordinary Shares		Options	
Range	Holders	Units	Holders	Units
1 - 1,000	125	55,033	332	135,470
1,001 - 5,000	277	887,063	254	624,609
5,001 - 10,000	257	2,102,048	37	280,293
10,001 - 100,000	806	26,245,177	51	1,364,026
100,001 Over	156	104,864,321	10	5,321,894
Total	**1,621**	**134,153,642**	**684**	**7,726,292**

Number of holders holding less than a marketable parcel: 66 at $1.04 per unit

B) TOP HOLDERS

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

		Ordinary Shares	
Rank	Name	Units	%
1	ZERO NOMINEES PTY LTD	36,385,579	27.12
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,312,556	8.43
3	ICE COLD INVESTMENTS PTY LTD	4,397,385	3.28
4	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	3,733,154	2.78
5	HEYS FAMILY HOLDINGS PTY LTD <HEYS INVESTMENT A/C>	3,029,051	2.26
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,763,087	2.06
7	MR VICTOR JOHN PLUMMER	2,750,000	2.05
8	ROLLASON PTY LTD <GIORGETTA SUPER PLAN A/C>	1,619,027	1.21
9	CITICORP NOMINEES PTY LIMITED	1,295,732	0.97
10	SUPERLAND INVESTMENTS PTY LTD <HEYS SUPERFUND A/C>	1,264,099	0.94
11	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	1,120,000	0.83
12	LONCETA PTY LTD <HANCOCK SUPER FUND A/C>	1,000,000	0.75
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	976,951	0.73
14	SOUTHERN MOTORS PTY LTD	885,000	0.66
15	REDBROOK NOMINEES PTY LTD	858,000	0.64
16	PERTH CAPITAL PTY LTD	825,000	0.61
17	WARRAMBOO HOLDINGS PTY LTD	825,000	0.61
18	INKESE PTY LTD	731,500	0.55
19	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	664,655	0.50
20	ACRES HOLDINGS PTY LTD	660,000	0.49
21	NICKSON PTY LTD	660,000	0.49
22	TSIX PTY LTD <TOWNSEND FAMILY A/C>	660,000	0.49
	Total	**78,415,776**	**58.45%**
	Remainder	**55,737,866**	**41.55%**
	Grand Total	**134,153,642**	**100%**

ASX ADDITIONAL INFORMATION (CONT'D)

AS AT 21 AUGUST 2019

SHAREHOLDER INFORMATION (CONT'D)

B) TOP HOLDERS (CONT'D)

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

		Options	
Rank	**Name**	**Units**	**%**
1	ZERO NOMINEES PTY LTD	3,522,054	45.59
2	ICE COLD INVESTMENTS PTY LTD	439,739	5.69
3	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	373,316	4.83
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	281,034	3.64
5	ROLLASON PTY LTD <GIORGETTA SUPER PLAN A/C>	161,903	2.10
6	SUPERLAND INVESTMENTS PTY LTD <HEYS SUPERFUND A/C>	116,763	1.51
7	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	112,000	1.45
8	SOUTHERN MOTORS PTY LTD	110,000	1.42
9	GILL FAMILY SUPERANNUATION PTY LIMITED <GILL FAMILY SUPER FUND A/C>	104,384	1.35
10	MR DICK ROBERT LISTER + MRS JAN LOUISE LISTER <LUMEN S/F A/C>	100,701	1.30
11	COOK'S SUPERANNUATION FUND PTY LTD <COOKS SERV-WEL SUPER A/C>	100,000	1.29
12	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	63,694	0.82
13	PIAMA PTY LTD <INVESTMENT A/C>	58,800	0.76
14	MR BRIAN BRANNIGAN + MRS JANET BRANNIGAN <BRANNIGAN PENSION FUND A/C>	57,100	0.74
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	47,919	0.62
16	MON NOMINEES PTY LTD <GLASS SUPERANNUATION A/C>	45,450	0.59
17	ROBCAR BROWN PTY LTD <R & C BROWN FAMILY A/C>	43,762	0.57
18	TMAC SUPER PTY LTD <T MCARDLE SUPER FUND A/C>	43,516	0.56
19	MR JOSEF MICHAEL GAISREITER	38,048	0.49
20	HANNES INVESTMENTS PTY LTD <DOUBLE D INVESTMENT A/C>	36,588	0.47
	Total	**5,856,771**	**75.80%**
	Remainder	**1,869,521**	**24.20%**
	Grand Total	**7,726,292**	**100%**

C) SHAREHOLDERS WITH GREATER THAN 5%

As at 21 August 2019, the Company had 3 shareholders with greater than 5% of the issued ordinary share capital:

Shareholder	Units	%
Euroz Limited	35,220,541	26.25%
Geoffrey Francis Brown	8,930,850	6.90%
Wilson Asset Management Group	8,735,144	6.76%

D) ON-MARKET BUY-BACK

The company has a current on-market buy-back.

E) VOTING RIGHTS

The voting rights for each class of security on issue as at 21 August 2019 are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each ordinary fully paid share held.

Options – Expiring 31 August 2019

Options have no voting rights. Upon exercise of an option, the holder will become a holder of a fully paid ordinary share on a 1 for 1 basis and therefore will have the voting rights as afforded to shareholders of a ordinary fully paid share.

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

PO Box Z5036
St Georges Terrace
Perth 6831
Western Australia

T: +61 8 9321 7877
F: +61 8 9321 8288

westoz.com.au

Westoz Investment Company Limited

ACN 113 332 942