



ABN 52 126 450 271

24 November 2015

Chairman's AGM Address

On behalf of my fellow Directors, I am pleased to provide you with this address today. Firstly, a recap of our 2015 financial year results:

- The 2015 financial year was a tough one for the Company. A net loss after tax of \$12,108,108 was recorded. This compares to a net profit after tax in the prior year of \$10,661,804;
- Despite the result we were pleased to pay a final dividend of 0.75 cents per share matching the previous year's final dividend. An interim dividend of 0.75 cents per share was paid in February this year taking the full year dividends to 1.5c per share.
- Net tangible assets per share after allowance for tax on unrealised profits/losses (NTA) moved from 22.6 cents to 17.7 cents after allowance for the 1.5 cent per share dividend over the period.

Our financial results from the past year reflect the difficult conditions we have faced in the markets we are exposed to. A significant decrease in commodity prices flowed through to the majority of opportunities we monitor and on many of those included in our portfolio.

Our activities over the year reflected a response to these conditions with key features being an increased exposure to industrial companies and cash, and a reduction of our resource holdings. We have also taken the opportunity to take some meaningful stakes in small, early stage opportunities that meet our investment criteria. Having refocussed our portfolio, we are now in a position that allows us to move forward from a more stable base.

It is pleasing that our investments in many of these companies are backing management teams that have previously made us significant returns and correctly provided exits for shareholders in prior cycles.

Our overriding investment strategy remains to hold a concentrated portfolio of smaller ASX listed securities that will generate positive returns for shareholders. A majority of these will have a connection to Western Australia.

We are optimistic for Western Australia in the longer term and are now seeing many distressed asset values and companies in both the resources and industrial small companies space. We feel we are well positioned to take advantage of this in the future.

As shareholders would be aware, we have a policy of paying dividends. However, dividend payments remain subject to our level of realised net profits after tax, retained earnings, availability of franking credits and compliance with relevant legal requirements.

Whilst we have not generated a profit from our investments in the current financial year, we have reviewed our level of retained profits and franking credits and have determined to set a target fully franked dividend for the current financial year of 0.5 cents, with 0.25 cents to be paid as an interim dividend. Shareholders should note that no dividends are payable until formally declared.

Any dividend payment for the current year will add to the \$32 million (8.8 cents per share) in fully franked dividends we have already paid to shareholders since 2008.

Thank you for your attention.

Jay Hughes
Chairman