

WESTOZ

INVESTMENT COMPANY LIMITED

ABN 99 113 332 942

25 November 2015

Chairman's AGM Address

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

- Westoz Investment Company has recorded a net loss after tax of \$19,998,524. This compares to a net profit after tax in the previous year of \$21,251,697.
- A final dividend of 4.5 cents per share fully franked was paid to shareholders in addition to an interim dividend of 4.5 cent per share fully franked which was paid in February 2015.
- After allowance for the total dividend of 9.0 cents per share for the 2015 financial year, net tangible assets per share (NTA) fell from \$1.295 at 30 June 2014 to \$1.050 per share at 30 June 2015.

The 2015 financial year was a difficult one for our company and the markets we were exposed to. Whilst we reported a stabilisation in our returns over the second half of the 2015 financial year, the performance in the 6 months to December 2014 resulted in an overall loss for the 2015 financial year. I remain confident that we can return to our desired levels of returns after this disappointing period.

I think it is important to note that we took a view in the first half of the 2015 financial year, at about the time of this meeting last year that the global macro environment and the Western Australian resource focussed economy were coming into a turbulent period. As a result we took many hard decisions within the portfolio as we sought to dramatically increase and maintain our cash levels and for a period looked to preserve capital. We feel this was a correct call as much of what we sold (many of which performed strongly in the 2014 financial year) subsequently fell further. During this volatile year, we also experienced many black swan events globally that influenced market sentiment. Having refocussed our portfolio we are now in a position that allows us to move forward from a more stable base.

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

It is important to stay the course and stick to your key beliefs and strengths. As challenging as this year has been we are optimistic for Western Australia in the long term and that by positioning

ourselves this year with hard decisions, we can now benefit going forward. We are actively seeking opportunities to make money for the portfolio as opposed to complaining about the past.

There are many examples of previously strong companies based in Western Australia that have lost significant value in the last few years. There are many examples of global resource companies that have also lost significant value in the last twelve months. We have navigated these choppy waters in the last twelve months and are pleased to have retained the bulk of our shareholder value. We are now positioned to take advantage of the many distressed asset values that are becoming available at this stage of the cycle.

As shareholders would be aware, we have a policy of paying dividends to shareholders. 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.

In respect of the 2015 financial year, I am pleased we have been able to continue these payments despite the lack of current period profits. We have now paid out over \$86 million in dividends since inception of the company in 2005. For those that invested at inception you have now received 72 cents per share in fully franked dividends.

Despite heightened market volatility and our portfolio return year to date, we have been able to target a dividend for the 2016 financial year of 6 cents per share with 3 cents per share to be paid as an interim dividend, due largely to our performance in prior periods. However, investors should note that any dividend is not payable until formally declared and we make no assurance as to dividends, if any, until a formal declaration is made.

JAY HUGHES
Chairman