

Appendix 4D

Half-year Report

For the six months to 31 December 2015

Results for announcement to the market

Financial Results	Movement	December 2015 \$
Revenue from ordinary activities	Down by \$731,481 (39%) to	1,136,622
(Loss) from ordinary activities after tax attributable to members	Reduced by \$7,399,440 (56%) to	(5,908,944)
(Loss) for the period attributable to members	Reduced by \$7,399,440 (56%) to	(5,908,944)

Dividends	Amount per Ordinary Security	Franked amount per security
2016 interim dividend	0.25 cents	100%

Record date for determining entitlements to the 2016 interim dividend	3 February 2016
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Net Tangible Asset Backing	December 2015	December 2014
Net tangible asset backing per ordinary security	15.8¢	18.1¢

Other explanatory notes

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the company.

OZGROWTH LIMITED

A.B.N. 52 126 450 271

**HALF YEAR FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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CORPORATE DIRECTORY

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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 2, 45 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
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BOARD OF DIRECTORS

Jay Hughes

Non Executive Chairman

Philip Rees

Executive Director

Dermot Woods

Non Executive Director

Michael Jefferies

Non Executive Director

Stephen Tucker

Non Executive Director

Chris Webster

Company Secretary

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Your Directors submit their report for the half-year ended 31 December 2015.

1. DIRECTORS

The names of the Directors of the Company in office at the date of this report or during the half-year are as follows: -

Jay Hughes
Philip Rees
Stephen Tucker
Michael Jefferies
Dermot Woods

2. REVIEW AND RESULTS OF OPERATIONS

Highlights of the Company's operations during the period ended 31 December 2015 are as follows:

- A net loss after tax of \$5,908,944 was recorded for the period. This included gains and losses on investments, interest income, dividend income and changes in the fair value of financial assets designated as at fair value through profit and loss held as at 31 December 2015;
- An interim dividend of \$902,502 (0.25 cents per share) has been provided for as at 31 December 2015; and
- Net tangible asset backing per share at 31 December 2015 was 15.8 cents per share. This figure is calculated by dividing the total 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 and tax on unrealised gains in our investment portfolio. Net tangible asset backing per share before allowance for deferred tax assets at 31 December 2015 was 13.7 cents.

After considering the above results following the completion of the half-year to 31 December 2015, the Directors remain confident that the Company's objectives will be met over its investment horizon.

3. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No material matters have occurred since 31 December 2015.

4. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included on page 4 and forms part of Ozgrowth Limited's Directors' report for the period from 1 July 2015 to 31 December 2015.

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



Jay Hughes
Chairman

8 February 2016



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Auditor's Independence Declaration to the Directors of Ozgrowth Limited

As lead auditor for the review of Ozgrowth Limited for the half-year ended 31 December 2015, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Robert A Kirkby
Partner
8 February 2016

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	31/12/2015 \$	31/12/2014 \$
Revenue			
Interest revenue		74,659	152,888
Dividend revenue		1,061,963	1,715,215
Total revenue		1,136,622	1,868,103
Changes in the fair value of investments designated as at fair value through profit or loss upon initial recognition	4	(9,583,246)	(20,970,680)
EXPENSES			
Manager's fees		272,616	397,852
Share registry fees		27,359	29,363
Director's fees		54,750	54,538
ASX fees		42,650	64,116
Other expenses		45,727	55,766
Total expenses		443,102	601,635
LOSS BEFORE INCOME TAX		(8,889,726)	(19,704,212)
Income tax benefit	7	2,980,782	6,395,828
NET (LOSS) FOR THE PERIOD		(5,908,944)	(13,308,384)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(5,908,944)	(13,308,384)
Loss per share (cents)			
- Basic and Diluted		(1.64)	(3.69)

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Note	31/12/2015	30/06/2015
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		10,612,184	13,890,837
Other		68,603	316,105
TOTAL CURRENT ASSETS		10,680,787	14,206,942
NON -CURRENT ASSETS			
Investments in financial assets designated as at fair value through profit or loss:			
- Listed Equities	4	39,110,344	47,895,194
- Unlisted Equities	4	720,583	220,583
Deferred Tax Assets	7	7,548,706	4,567,924
TOTAL NON-CURRENT ASSETS		47,379,633	52,683,701
TOTAL ASSETS		58,060,420	66,890,643
CURRENT LIABILITIES			
Trade and Other Payables		86,551	284,723
Dividend Payable		902,502	2,707,480
TOTAL CURRENT LIABILITIES		989,053	2,992,203
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		989,053	2,992,203
NET ASSETS		57,071,367	63,898,440
EQUITY			
Contributed Equity	5	73,558,436	73,574,064
Profit Reserve	6	6,707,175	7,609,677
Accumulated Losses		(23,194,244)	(17,285,301)
TOTAL EQUITY		57,071,367	63,898,440

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	31/12/2015 \$	31/12/2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		74,659	152,888
Dividends received		1,046,213	1,685,852
Payments to suppliers and employees (inclusive of GST)		(471,504)	(404,584)
NET CASH FLOWS FROM OPERATING ACTIVITIES		649,368	1,434,156
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments designated at fair value through profit and loss		16,538,184	32,115,620
Payments for purchases of investments designated at fair value through profit and loss		(17,743,097)	(23,377,501)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(1,204,913)	8,738,119
CASH FLOWS FROM FINANCING ACTIVITIES			
(Capital raising costs)/Proceeds from issue of ordinary shares		(15,628)	320,585
Dividends paid		(2,707,480)	(2,707,374)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(2,723,108)	(2,386,789)
NET (DECREASE)/INCREASE IN CASH HELD		(3,278,653)	7,785,487
Cash and cash equivalents at the beginning of the period		13,890,837	9,257,250
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		10,612,184	17,042,737

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Profit Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2015	73,574,064	7,609,677	(17,285,300)	63,898,441
Loss for the period	-	-	(5,908,944)	(5,908,944)
Total Comprehensive income/(loss) for the period	-	-	(5,908,944)	(5,908,944)
Transactions with owners in their capacity as owners:				
Movement in Share Capital	639	-	-	639
Share Issue Costs	(16,267)	-	-	(16,267)
Dividend for the period	-	(902,502)	-	(902,502)
At 31 December 2015	73,558,436	6,707,175	(23,194,244)	57,071,367

	Issued Capital	Profit Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2014	73,252,957	13,035,517	(5,177,193)	81,111,281
Loss for the period	-	-	(13,308,384)	(13,308,384)
Total Comprehensive income/(loss) for the period	-	-	(13,308,384)	(13,308,384)
Transactions with owners in their capacity as owners:				
Movement in Share Capital	320,586	-	-	320,586
Dividend for the period	-	(2,718,350)	-	(2,718,350)
At 31 December 2014	73,573,543	10,317,167	(18,485,577)	65,405,133

NOTES TO THE FINANCIAL STATEMENTS FOR THE FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

The financial report of Ozgrowth Limited for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on 8 February 2016.

Ozgrowth Limited is a company limited by shares that is incorporated and domiciled in Australia whose shares are listed on the Australian Securities Exchange.

Ozgrowth Limited does not control any entities at 31 December 2015.

The company had no employees as at 31 December 2015.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Ozgrowth Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

Changes in accounting policy

The accounting policies and methods of computation are consistent with those of the most recent annual financial report.

All accounting standards and interpretations that are applicable from 1 July 2015 have been adopted including:

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

These amendments are effective for annual periods beginning on or after 1 July 2015. The adoption of these amendments had no material impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SEGMENT INFORMATION

For management purposes, the Company is organised into one segment, which invests primarily in equity securities. 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.

4. CHANGES IN FAIR VALUE OF INVESTMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFITS AND LOSS

	31/12/2015 \$	31/12/2014 \$
Net realised gain/(loss) in the current period on disposal of investments		
- listed equities	(2,374,888)	(1,649,999)
Net unrealised gain/(loss) on investments		
- listed equities	(7,208,358)	(19,320,680)
	<u>(9,583,246)</u>	<u>(20,970,680)</u>

The primary reason for the change in fair values was movement in market prices for listed investments held in the investment portfolio. The fair values of the Company's financial assets have been affected by changes in the broad economic and fiscal environment as well as specific matters that impact the value of individual investments. Specific factors that have impacted the portfolio are changes in outlook for interest rates, commodity prices and economic growth. Individual stock positions have been impacted by changes in earnings expectations, balance sheet structures and ability to generate cash flow. Managing the investment portfolio in the face of these and other changes is inherent in the Company's activities and they are managed in accordance with the financial risk management objectives and policies as disclosed in the most recent annual financial report of the Company.

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. The fair value of all other financial instruments approximates their carrying value.

	31 December 2015			
	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 at fair value through profit or loss				
(i) Listed equities	39,110,344	-	-	39,110,344
(ii) Unlisted Equities	-	-	720,583	720,583
	39,110,344	-	720,583	39,830,927

	30 June 2015			
	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 at fair value through profit or loss				
(i) Listed equities	47,895,194	-	-	47,895,194
(ii) Unlisted Equities	-	-	220,583	220,583
	47,895,194	-	220,583	48,115,777

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.

4. CHANGES IN FAIR VALUE OF INVESTMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFITS AND LOSS (cont.)

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

5. CONTRIBUTED EQUITY

	31/12/2015		30/06/2015	
<i>(a) Contributed equity</i>				
361,000,816 (2015:360,997,266) ordinary fully paid shares		73,558,436		73,574,064
<i>(b) Movements in ordinary shares on Issue</i>	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	360,997,266	73,574,064	359,531,594	73,252,957
Exercise of options	3,550	639	1,465,672	328,775
Share issue costs	-	(16,267)	-	(7,668)
	361,000,816	73,558,436	360,997,266	73,574,064

(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 the winding up of the Company, to participate in 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.

6. RESERVES

	31/12/2015 \$	30/06/2015 \$
Profit Reserve	6,707,175	7,609,677
	6,707,175	7,609,677

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

Movement in Profits Reserve		
Balance at beginning of the year	7,609,677	13,035,517
Provision for dividend	(902,502)	(5,425,840)
	6,707,175	7,609,677

7. DEFERRED INCOME TAX

Deferred Income tax

Deferred income tax at 31 December 2015 relates to the following:

	Statement of financial position		Statement of comprehensive income	
	Dec 2015	Jun 2015	Dec 2015	Dec 2014
	\$	\$	\$	\$
<i>Deferred Tax Assets</i>				
Tax loss recognised	4,287,719	3,469,444	(818,274)	(599,624)
Unrealised loss on investments in financial assets	3,260,987	1,098,480	(2,162,508)	(3,135,492)
<i>Total DTA</i>	7,548,706	4,567,924	(2,980,782)	(3,735,116)
<i>Deferred Tax Liabilities</i>				
Unrealised gain on investments in financial assets	-	-	-	(2,660,712)
<i>Total DTL</i>	-	-	-	(2,660,712)
Net DTA/(DTL)	7,548,706	4,567,924	(2,980,782)	(6,395,828)

Deferred tax assets relate to unrealised losses on investments in financial assets and recognised tax losses. 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.

The company believes that such future taxable profits will be generated based on the following:

- The manager has in the past demonstrated an ability to generate taxable profits requiring cash tax payments to be made;
- Recent losses are the results of a short term downturn and are not indicative of future profitability;
- The manager has a medium to long term investment strategy so future profitability should be judged over an extended period; and
- Return expectations for the market and the portfolio remain consistent with historical results over a reasonable time horizon.

8. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or events have arisen since the end of the financial period 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.

9. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	31/12/2015	31/12/2014
	\$	\$
Cash at Bank and in hand	10,612,184	17,042,737

10. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**Ordinary Shares**

Final dividend of 0.75 cents per share paid on 7 August 2015 (2014: 0.75 cents per share).	2,707,480	2,707,374
Interim dividend of 0.25 cents per share declared and provided for at 31 December 2015 (2014: 0.75 cents per share per fully paid ordinary share). Fully franked based on tax paid or payable at 30%)	902,502	2,707,463
	<hr/>	
	3,609,982	5,414,837

11. RELATED PARTY DISCLOSURES

The Directors of Ozgrowth Limited during the period were Mr Stephen Tucker, Mr Philip Rees, Mr Jay Hughes, Mr Dermot Woods and Mr Michael Jefferies.

Westoz Funds Management Pty Ltd, a Company of which Messrs Woods, Rees and Hughes are Directors provides Key Management Personnel ("KMP") services to Ozgrowth Limited as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. A fee of \$272,616 (2014: \$392,792) was charged in the period for these services. No accrual has been made for the payment of a performance fee at 31 December 2015 (2014: nil).

These fees were charged in accordance with a management agreement, the terms of which have been disclosed.

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 \$125,301 (2014: \$176,408) was paid in the period as brokerage to Euroz Securities Limited.

The above transactions were entered into on normal commercial terms.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Ozgrowth Limited, the Directors declare that:

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 financial position as at 31 December 2015 and of the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Jay Hughes', with a long, sweeping horizontal stroke extending to the right.

Jay Hughes
Chairman

8 February 2016



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Independent review report to members of Ozgrowth Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Ozgrowth Limited, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Ozgrowth Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ozgrowth Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Robert A Kirkby
Partner
Perth
8 February 2016