

(ASX: NCC)
(ASX: NCCO)



NAOS Emerging Opportunities Company

NAOS Emerging Opportunities Company Limited

ACN: 161 106 510

Appendix 4E

Results Announcement for the year ended 30 June 2014

All comparisons unless specified are to the period ended 30 June 2013

	\$	up/down	% change
Revenue from ordinary activities	7,678,566	Up	333%
Profit from ordinary activities before tax attributable to members	6,089,719	Up	365%
Profit from ordinary activities after tax attributable to members	4,854,854	Up	338%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2014 Interim dividend	2.75	2.75	30%
2014 Final dividend	3.00	3.00	30%
Final Dividend Dates			
Ex-dividend date		20 November 2014	
Record date		26 November 2014	
Payment date		3 December 2014	
Dividend Reinvestment Plan			
The Dividend Reinvestment Plan is in operation and the recommended fully franked final dividend of 3 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 1 % discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date (record date) for the relevant dividend and the 3 trading days preceding that date) less the discount.			
		30 June 2014	30 June 2013
		\$	\$
(Post Tax) Net tangible asset backing		1.197	1.057
This report is based on the financial report which is in the process of being audited. All the documents comprise the information required by the Listing Rule 4.3A.			

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

		Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
	Note		
Income	3	7,678,566	1,771,977
Expenses			
Interest expense		(27,215)	(5,399)
Management fees	16	(401,601)	(80,435)
Performance fees	16	(702,521)	(265,041)
Administration fees		(43,494)	(11,051)
Directors' remuneration		(45,000)	(13,918)
Other expenses	4	(369,016)	(85,945)
Profit before income tax expense		6,089,719	1,310,188
Income tax expense	5	(1,234,865)	(202,380)
Profit for the year attributable to shareholders of the Company		4,854,854	1,107,808
Other comprehensive income		-	-
Total comprehensive income for the year attributable to shareholders of the Company		4,854,854	1,107,808
Basic and undiluted earnings per share	17	13.78 cents	6.40 cents
Basic and diluted earnings per share	17	10.16 cents	6.40 cents

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Financial Position as at 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
Assets			
Cash and cash equivalents	13	4,394,144	677,683
Trade and other receivables	7	1,278,029	960,061
Financial assets at fair value through profit or loss	8	44,239,857	17,942,659
Deferred tax assets	5 (d)	353,783	226,356
Total assets		50,265,813	19,806,759
Liabilities			
Bank overdraft	13	-	559,264
Trade and other payables	9	1,194,003	583,660
Financial liabilities at fair value through profit or loss	8	6,334,600	-
Provision for income tax		298,919	-
Deferred tax liabilities	5 (e)	1,346,760	368,806
Total liabilities		9,174,282	1,511,730
Net assets		41,091,531	18,295,029
Equity			
Issued capital - Ordinary shares	10	34,331,475	15,700,572
Share option reserve	11 (b)	2,177,064	1,486,649
Retained earnings	11 (a)	4,582,992	1,107,808
Total equity		41,091,531	18,295,029

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Changes in Equity for the year ended 30 June 2014

	Issued capital \$	Share option reserve \$	Retained earnings \$	Total \$
Balance at 6 November 2012	-	-	-	-
Profit for the period	-	-	1,107,808	1,107,808
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,107,808	1,107,808
Shares issued during the period	15,700,572	-	-	15,700,572
Share option reserve	-	1,486,649	-	1,486,649
Balance at 30 June 2013	15,700,572	1,486,649	1,107,808	18,295,029
	Issued capital \$	Share option reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2013	15,700,572	1,486,649	1,107,808	18,295,029
Profit for the year	-	-	4,854,854	4,854,854
Dividends paid	-	-	(1,379,670)	(1,379,670)
Other comprehensive income for the year	-	-	-	-
	15,700,572	1,486,649	4,582,992	21,770,213
Shares issued during the year	12,256,849	1,099,751	-	13,356,600
Share placement fees	(182,053)	-	-	(182,053)
Dividend reinvestment	1,379,670	-	-	1,379,670
Share option exercise	4,767,101	-	-	4,767,101
Transfer from share option reserve	409,336	(409,336)	-	-
Balance at 30 June 2014	34,331,475	2,177,064	4,582,992	41,091,531

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Cash Flows for the year ended 30 June 2014

		Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Note			
Cash flows from operating activities			
	Dividends received	2,056,233	637,586
	Interest received	85,355	133,588
	Management and performance fees paid	(607,552)	(65,329)
	Directors' remuneration paid	(42,437)	(1,440)
	Other payments	(586,077)	(53,841)
13 (b)	Net cash provided by operating activities	905,522	650,564
Cash flows from investing activities			
	Payments from purchase of investments	(109,827,528)	(32,610,689)
	Proceeds from sale of investments	95,229,059	14,964,874
	Net cash used in investing activities	(14,598,469)	(17,645,815)
Cash flows from financing activities			
	Receipts from share issues	13,356,600	17,313,439
	Receipts from dividend reinvestment plan	850,833	-
	Dividends paid	(823,809)	-
	Receipts from option exercise	4,767,101	-
	Initial public offering commission paid	-	(199,769)
	Placement fees paid	(182,053)	-
	Net cash provided by financing activities	17,968,672	17,113,670
	Net increase in cash and cash equivalents	4,275,725	118,419
	Cash and cash equivalents at the beginning of the year/period	118,419	-
13 (a)	Cash and cash equivalents at the end of the year/period	4,394,144	118,419
	Non cash activities - Dividend reinvestment	528,837	-

The accompanying notes to the financial statements should be read in conjunction with this statement.

Notes to the Financial Statements

General Information

Naos Emerging Opportunities Company Limited (the “Company”) is an Australian registered managed investment company listed on the Australian Securities Exchange (ASX:NCC). The Company was constituted on 6 November 2012 and commenced operations on 22 February 2013.

The registered office and principal place of business of the Company is Level 4, Domain House 139 Macquarie Street Sydney NSW 2000.

Naos Assets Management Limited is the investment manager of the Company.

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the “AASB”), and the Corporations Act 2001 in Australia. For the purposes of preparing financial statements, the Company is a profit entity.

This general purpose financial report has been prepared on an accruals basis using historical cost convention, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value through profit or loss.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and financial liabilities at fair value through profit or loss and net assets attributable to shareholders.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Other than the items detailed in the accounting policies below there are no differences in actual and estimated results.

b) Statement of Compliance

The financial report of the Company, comprising the financial statements and notes thereto, complies with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (the “IASB”).

c) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

d) Going Concern Basis

This financial report has been prepared on a going concern basis.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

e) Revenue and Income Recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Net gains/(losses) on financial instruments held at fair value through profit or loss arising on a change in fair value calculated as the difference between the fair value at the period end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

Dividends

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding tax recorded as an expense.

Interest Income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

g) Investments in Financial Instruments

Investments in financial instruments, as defined by AASB 132 'Financial Instruments: Presentation', are categorised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial period end.

i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

Financial Instruments Designated at Fair Value through Profit or Loss

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments and unlisted convertible notes.

Financial assets and financial liabilities designated at fair value through profit or loss at commencement of operations are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

g) Investments in Financial Instruments (continued)

ii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Financial Assets and Liabilities held at Fair Value through Profit or Loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Fair Value in an Active Market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Fund is the current close price.

Net gains/(losses) on financial instruments held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at period end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

Financial instruments – Convertible Note

In terms of the fair value hierarchy the convertible note is categorised as Level 3 given that it is not traded in an active market and would be measured using valuation techniques which include market data inputs that are not observable.

For the purposes of the Corporations Act and all other purposes, the Board of Directors resolved that the calculation of the fair value of the holding in the secured convertible note is as follows. The note receives a 12% interest payment, payable at the end of June (either in cash or by way of script at a 15% discount to the volume weighted average price of the shares) and also has the option to be converted into ordinary shares at any time at 50 cents per share, based on the value of the note, inclusive of any interest. For the purposes of producing a monthly NTA and the preparation of statutory financial reports, the Board of Directors resolved to calculate the value of the note based on the total value of the accrued interest and bid price on the last trading day of the shares. This is due to the illiquidity in the listed shares and a preference to price the note conservatively.

Differences may arise primarily due to short-term changes in the markets assessment of the credit risk of the underlying company.

h) Expenses

All expenses, including Investment Manager's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

i) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1 (e) above. Receivables include such items as Reduced Input Tax Credits ("RITC").

j) Payables

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities, amounts due to brokers and accrued expenses owing by the Company which are unpaid as at the end of the reporting period.

k) Taxation

The income tax expense comprises current and deferred tax.

Current income tax expense is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Current and deferred tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

l) Dividends

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

m) Foreign Currency Transactions

The functional and presentation currency for the Company is Australian Dollars. Transactions in foreign currencies are brought to account at the prevailing exchange rates at the date of the transaction. Foreign currency monetary items are translated at the exchange rate existing on reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The differences arising from these foreign currency translations are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

n) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

o) Share Option Reserve

The share option reserve is measured at the fair value of the Options at the date of issue. Subsequent to this date, the share option reserve is adjusted, with a corresponding entry to share capital, only on exercise of the Options by the shareholder for the amount residing in the share option reserve relating to the Options exercised.

At the end of the Option period (1 February 2015 and 1 August 2015), the amount relating to unexercised Options residing in the share option reserve, will be transferred to a capital reserve.

p) Goods and Services Tax ("GST")

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

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the tax authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

q) Earnings Per Share

Undiluted earnings per share are calculated by dividing the profit attributable to shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share are calculated by dividing the profit attributable to shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

r) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

r) Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in notes 1 (g) of these financial statements.

2. Adoption of New and Revised Accounting Standards

a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

- This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Company only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. The adoption of this amending standard does not have any material impact on the financial statements.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

- The Company has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

- The objective of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Company has reviewed its investments in other entities to assess whether the conclusion as to whether the Company controls an investee or not under AASB 10. The Company does not have any subsidiaries that require consolidation under AASB 10. The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities. On adoption of the amendments, the Company has determined that it meets the definition of an investment entity. As a consequence, the Company does not consolidate its investments, but accounts for them at fair value through profit or loss.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

- AASB 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant.

Notes to the Financial Statements

2. Adoption of New and Revised Accounting Standards (continued)

a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) (continued)

- *Change to bid/ask prices for actively quoted financial instruments*

AASB 13 also removes the requirement to use bid/ask prices for actively quoted financial instruments. Rather the most representative price within the bid/ask spread is used. The Company has elected to use the last traded price and the directors will ensure that the last traded price used by the Company, at the balance sheet date falls within the bid/ask spread as at that date. Where it falls outside the bid/ask spread, an alternative basis most representative of fair value within the bid/ask spread, will be used.

AASB 13 allows prospective application of the change to bid and ask prices hence fair value measurements in previous periods have not changed. If the standard was to be retrospectively applied the impact on net assets would have been \$148,617, which is the difference between net market value (for net tangible asset reporting) and fair value (financial statements) of the financial assets held at fair value through profit or loss.

Standards and Interpretations that are not expected to have a material impact on the Company have not been included.

b) Standards and Interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting period and have not been early adopted by the Company. The Directors' assessment of the impact of these standards (to the extent relevant to the Company) and interpretations is set out below:

AASB 9 'Financial Instrument' (2009 or 2010 version), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards' - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instrument' (effective for annual reporting periods beginning on or after 1 January 2017).

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2017 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss.

The Company has not yet decided when to adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Income

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Unrealised gains on financial instruments held at fair value through profit or loss	3,253,632	1,228,956
Realised gains/losses on financial instruments held at fair value through profit or loss	2,269,630	(230,531)
Interest income	91,571	135,966
Dividend income	2,056,233	637,586
Other income	7,500	-
	7,678,566	1,771,977

Notes to the Financial Statements

4. Other Expenses

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Annual general meeting fees	(2,750)	(957)
Australian stock exchange fees	(23,470)	(13,302)
Auditor's remuneration	(31,185)	(27,000)
Brokerage fees	(36,740)	(2,464)
Initial public offering commission	-	(2,000)
Insurance fees	(28,956)	(6,698)
Other expenses	(192,433)	(123)
Research fees	-	(13,200)
Registry fees	(47,982)	(14,701)
Tax fees	(5,500)	(5,500)
	(369,016)	(85,945)

5. Income Tax

(a) Income Tax Expense

The aggregate amount tax expense attributable to the period differs from the amount calculated on the profit for the period.

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Differences are reconciled as follows:		
Profit for the period before income tax expense	6,089,719	1,310,188
Prima facie income tax expense calculated at 30%	1,826,916	393,056
Adjustment to income tax due to:		
Franking credits on dividends received	253,736	82,575
Franking credits offset	(845,787)	(273,251)
Income tax expense	1,234,865	202,380

b) Income Tax Expense Recognised in the Statement of Profit or Loss and Other Comprehensive Income

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Deferred income tax relating to origination and reversal of temporary differences	1,234,865	202,380
Current period tax credits to be utilised in future periods	-	-
Income tax expense	1,234,865	202,380

Notes to the Financial Statements

5. Income Tax Expense (continued)

(c) Current Income Tax Benefit

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Income tax receivable	-	-

(d) Deferred Tax Asset

Deferred income tax asset comprises the estimated expense at the current income tax rates of 30 % on the following items:

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Deferred tax asset on initial public offering commission	35,958	47,945
Deferred tax asset on placement fees	68,336	-
Deferred tax on excess franking credits	-	74,589
Other temporary differences	249,489	103,822
	353,783	226,356

(e) Deferred Tax Liability

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Deferred income tax liability on unrealised gains on fair value of investments	1,344,776	368,687
Other temporary differences	1,984	119
	1,346,760	368,806

(f) Income Tax Recognised in Equity

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Deferred tax		
Initial public offering fees	-	73,551
Placement fees	85,419	-
Total income tax recognised directly in equity	85,419	73,551

Notes to the Financial Statements

6. Dividend Paid or Payable

	Dividend rate (cents per share)	Total amount	% Franked	Date of payment
2013 final dividend (declared 27 August 2013)	2.50	436,166	30%	23 October 2013
2014 interim dividend (declared 18 February 2014)	2.75	943,504	30%	15 April 2014
		1,379,670		

Dividends payable at 30 June 2014 were \$27,024 (2013: \$ nil).

Dividend Franking Information

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Franking credits available for shareholders from subsequent financial years	273,251	-
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	-	-
Impact on the franking account of dividends paid during the period	(591,287)	
Impact on the franking account of dividends received during the period	845,787	273,251
Adjusted franking account balance	527,751	273,251
Impact on franking account of dividends proposed or declared before the financial report authorised for issue but not recognised as a distribution to equity holders during the period	-	-

7. Current Assets – Trade and Other Receivables

	30 June 2014 \$	30 June 2013 \$
GST receivable	82,982	51,113
Interest receivable	6,612	396
Other receivables	16,056	6,996
Return of capital receivable	-	901,556
Receivable from investments sold	1,119,569	-
Prepaid fees	52,810	-
	1,278,029	960,061

Receivables are non-interest bearing and unsecured. Outstanding trades are on the terms operating in the security industry which usually require settlement within three days of the date of the transaction. None of the receivables are past due or impaired at the end of the reporting period.

Notes to the Financial Statements

8. Investments in Financial Instruments

Financial assets at Fair Value through Profit or Loss

	30 June 2014 \$	30 June 2013 \$
Investment in ordinary shares	43,009,857	17,062,659
Investment in unlisted convertible notes	1,230,000	880,000
Total financial assets at fair value through profit or loss	44,239,857	17,942,659

Financial liabilities at Fair Value through Profit or Loss

	30 June 2014 \$	30 June 2013 \$
Investment in ordinary shares	6,334,600	-
Total financial liabilities at fair value through profit or loss	6,334,600	-

Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

9. Current Liabilities - Trade and Other Payables

	30 June 2014 \$	30 June 2013 \$
Auditors' remuneration payable	18,915	27,000
Interest payable	3,632	941
Management fee payable	48,071	20,991
Unsettled trades payable	271,587	210,772
Performance fees payable	753,925	284,435
Dividend payable	27,024	-
Other payables	70,849	39,521
Total	1,194,003	583,660

Payables are non-interest bearing and unsecured. Outstanding trades are on the terms operating in the security industry which usually require settlement within three days of the date of the transaction.

Notes to the Financial Statements

10. Issued Capital

The company has maximum authorised number of shares of 50,000,000. Issued shares do not have a par value.

	30 June 2014		30 June 2013	
	No. of shares	\$	No. of shares	\$
Issued and paid up capital - Ordinary shares	35,226,053	34,331,475	17,313,439	15,700,572

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. The detailed provisions relating to the rights attaching to shares under the Constitution and the Corporations Act are summarised below.

Each share will confer on its holder:

- (a) the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the constitution and the Corporations Act;
- (b) the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (c) the right to receive dividends;
- (d) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of members by special resolution); and
- (e) subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

Movements in Ordinary Share Capital

Date	Details	No. of shares	Issue price \$	\$
6 November 2012	Opening balance	-		-
	Ordinary shares issued	17,313,439	1.000	17,313,439
	Initial public offering fees net of deferred tax impact			(126,218)
	Share option reserve			(1,486,649)
30 June 2013	Closing balance	17,313,439		15,700,572
Date	Details	No. of shares	Issue price \$	\$
	July 2013	17,313,439		15,700,572
	September and October 2013	133,200	1.000	133,200
	October and November 2013	412,684	1.057	436,166
	November 2013	1,200,000	1.130	1,356,000
	January 2014	10,620,000	1.130	12,000,600
	February and March 2014	4,629,901	1.000	4,629,901
	April and May 2014	912,829	1.034	943,504
	May 2014	4,000	1.000	4,000
	Share placement fees	-		(182,053)
	Share option reserve	-		(690,415)
30 June 2014	Closing balance	35,226,053		34,331,475

Notes to the Financial Statements

11. Reserves

a) Retained Earnings

Retained Earnings

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Opening balance	1,107,808	-
Net profit attributable to members of the Company	4,854,854	1,107,808
Dividends paid	(1,379,670)	
Closing balance at 30 June 2014	4,582,992	1,107,808

b) Share Option Reserve

The terms and conditions of the options are as follows:

- The Company maintains a register of holders of options in accordance with Section 168(1) (b) of the Corporations Act.
- An option may be transferred or transmitted in any manner approved by the ASX.
- An option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the option, together with payment to the Company of \$1.00 or \$1.13 per option depending on the option being exercised and the relevant option certificate.
- For the options with an exercise price of \$1.00, an option may be exercised on any business day from the date of grant to 1 February 2015, (inclusive) but not thereafter.
- For the options with an exercise price of \$1.13, an option may be exercised on any business day from the date of grant to 1 August 2015, (inclusive) but not thereafter.
- A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.
- Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of options rank equally with other issued shares of the Company 7 Business Days after their date of issue and are entitled to dividends paid on and from this date.

The movement in the share option reserve is detailed below:

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Opening balance	1,486,649	-
Options attached to ordinary shares issued during the year	1,099,751	1,486,649
Share option exercise	(409,336)	-
Closing balance at 30 June 2014	2,177,064	1,486,649

Notes to the Financial Statements

12. Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditor, its related practices and non – audit related services

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Audit services expense		
Deloitte Touche Tohmatsu - audit of the financial report	31,185	27,000
Total audit fee expense	31,185	27,000
Audit services payable		
Deloitte Touche Tohmatsu - audit of the financial report	18,915	27,000
Total audit fee payable	18,915	27,000

13. Cash and Cash Equivalents

(a) Components of Cash and Cash Equivalents

	30 June 2014 \$	30 June 2013 \$
Cash at banks	4,394,144	677,683
Bank overdraft	-	(559,264)
	4,394,144	118,419

(b) Reconciliation of Profit for the Period to Cash Provided by Operating Activities

	Year ended 30 June 2014 \$	Period from 6 November 2012 to 30 June 2013 \$
Profit for the year attributable to shareholders after tax	4,854,854	1,107,808
Adjustments for:		
Change in value of financial assets designated at fair value through profit or loss	(5,523,262)	(998,425)
Income tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income	1,234,865	202,380
Change in assets and liabilities:		
Movement in deferred tax assets and liabilities	(85,419)	-
Increase in trade and other receivables	(97,650)	(34,039)
Increase in trade and other payables	522,134	372,840
Net cash provided by operating activities	905,522	650,564

Notes to the Financial Statements

14. Key Management Personnel

(a) Key Management Personnel Compensation

The remuneration of the Company's key management personnel and their related entities for the year ended 30 June 2014 was \$45,000 (2013: \$15,904).

There were no shares granted during the reporting period as compensation to the directors.

(b) Related party shareholdings

NAOS Asset Management Limited holds 511,827 shares (2013: 500,000 shares) in the Company.

Other than the above there was no interest in the Company held by other entities also managed by the key management personnel.

(c) Other transactions within the Company

Apart from those details disclosed in this note, no other key management personnel have entered into a material contract with the Company during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

15. Segment Information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the investment portfolio.

16. Related Party Information

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

NAOS Asset Management Limited

The company has outsourced its investment management function to NAOS Asset Management Limited.

Holdings of shares by the directors of the Investment Manager

	30 June 2014	30 June 2013
Ordinary shares	No of shares	No of shares
David O'Halloran (Director)	4,155,476	3,355,476
Warwick Evans (Director)	1,565,774	1,543,030
Richard Granger (Director)	335,651	359,522
Sebastian Evans (Director)	749,455	290,859
Mark Bennett (Director)	157,633	150,000

Notes to the Financial Statements

16. Related Party Information (continued)

Management Fees

In return for the performance of its duties as investment manager of the Company, the Investment Manager is entitled to be paid a monthly management fee equal to 0.104% (excluding GST) of the gross value of the portfolio calculated on the first business day of each month representing an annualised management fee of 1.25% (excluding GST) per annum of the average gross value of the portfolio. At its discretion and subject to shareholder approval, the Investment Manager may elect to be paid in shares.

The following management fees were paid or payable to the Investment Manager during the year ended 30 June 2014:

- Management fees of \$401,601 (2013: \$80,435) (excluding RITC) were incurred during the period.
- Management fees payable at 30 June 2014 were \$48,071 (2013: \$20,991) (including RITC).

Performance Fees

In the event that the portfolio outperforms the Benchmark Index, the Company must pay the Investment Manager a performance fee equal to 15% (excluding GST) per annum of the amount the portfolio outperforms the Benchmark Index. No performance fee is payable if the portfolio underperforms the Benchmark Index. Any underperformance to the Benchmark Index is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee. At its discretion and subject to shareholder approval, the Investment Manager may elect to receive the performance fee in shares.

The following performance fees were paid or payable to the Investment Manager during the year ended 30 June 2014:

- Performance fees of \$702,521 (2013: \$265,041) (excluding RITC) were incurred during the period.
- Performance fees payable at 30 June 2014 were \$753,925 (2013: \$284,435) (including RITC).

17. Earnings per Share

	Year ended 30 June 2014 cents	Period from 6 November 2012 to 30 June 2013 cents
Basic earnings per share	13.78	6.40
Diluted earnings per share	10.16	6.40
	Units	Units
Weighted average number of ordinary shares used in the calculation of basic earnings per share	35,226,053	17,313,439
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	47,772,391	17,313,439
Weighted average number of fully paid ordinary shares	35,226,053	17,313,439
Potential ordinary shares - Options	12,546,338	-
Total weighted average number of ordinary shares used in the calculation of diluted earnings per share	47,772,391	17,313,439
	\$	\$
Net profit used in the calculation of basic earnings per share	4,854,854	1,107,808
Net profit used in the calculation of diluted basic earnings per share	4,854,854	1,107,808

Notes to the Financial Statements

18. Commitments and Contingencies

There are no commitments or contingencies at 30 June 2014.