

## NAOS Emerging Opportunities Company Limited

ACN: 161 106 510

### Appendix 4E

### Results Announcement for the year ended 30 June 2015

All comparisons unless specified are to the year ended 30 June 2014

	\$	up/down	% change
Revenue from ordinary activities	836,841	Down	-89%
Profit from ordinary activities before tax attributable to members	(766,149)	Down	-113%
Profit from ordinary activities after tax attributable to members	92,984	Down	-98%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2015 Interim dividend	3.25	3.25	30%
2015 Final dividend	3.00	3.00	30%
<b>Final Dividend Dates</b>			
Ex-dividend date			20 October 2015
Record date			22 October 2015
DRP election date			23 October 2015
Payment date			12 November 2015
<b>Dividend Reinvestment Plan</b>			
The Dividend Reinvestment Plan is in operation and the recommended fully franked final dividend of 3 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.			
	30 June 2015	30 June 2014	
	\$	\$	
(Post Tax) Net tangible asset backing	1.071	1.167	
This report is based on the financial report which has been subject to independent review by the auditors, Deloitte Touche Tohmatsu Australia. All the documents comprise the information required by the Listing Rule 4.3A.			



NAOS

NAOS EMERGING OPPORTUNITIES  
COMPANY LIMITED

Annual Report 2015

Report for the financial year  
ended 30 June 2015



Our objective is to provide investors with genuine exposure to the Australian Emerging Companies asset class in a manner which seeks to capitalise on value driven, long term investment opportunities in a concentrated portfolio structure of 0-15 holdings.

# REF

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## Annual General Meeting

AGM to be held at 10.00am (AEST)  
on Thursday 19th November 2015  
at Taylor Collison, Level 10,  
167 Macquarie Street, Sydney NSW 2000.

## THE COMPANY

NAOS Emerging Opportunities Company Limited is a listed investment company and its shares are listed on the Australian Securities Exchange (ASX: NCC).

## OBJECTIVE

The Company was established on 6 November 2012 to invest primarily in a concentrated portfolio of listed entities that are not included in the S&P/ASX 100 Accumulation Index with the objective to provide investors with high quality, transparent and concentrated exposure to emerging companies, delivering an income stream of 4% per annum franked to the maximum extent possible, and long-term capital growth to investors above the benchmark index, being the S&P/ASX Small Ordinaries Accumulation Index (ASX: XSOAI).

## BENCHMARK

The Company compares its performance with the S&P/ASX Small Ordinaries Accumulation Index (ASX: XSOAI).

## INVESTMENT MANAGER

The Company has outsourced its investment management function to NAOS Asset Management Limited (ACN 107 624 126) (Australian Financial Services Licence Number 273529) (the "Investment Manager").

## CAPITAL STRUCTURE

The Company's capital structure comprises Ordinary Shares with attaching options on a one-for-one basis which are exercisable at \$1.13 on or before 1 August 2015. The attaching options are listed on the Australian Securities

Exchange (ASX: NCCOA). Please refer to Note 20 regarding the expiry of these options.

## RISK

The Company invests in shares listed on the ASX and unlisted securities. The value of the shares and the income derived may fall or rise depending on a range of factors. Refer to Section 4 of the Prospectus of the Company and Note 17 of this financial report.

## MANAGEMENT AGREEMENT

The Company has an agreement with NAOS Asset Management Limited for the provision of management services, details of which are contained at Note 16.

Total Assets and Net Tangible Assets ("NTA")	30 June 2015 (\$)	30 June 2014 (\$)
Total assets	54,704,682	50,265,813
Undiluted NTA per share (pre-tax)	1.070	1.203
Undiluted NTA per share (post-tax)	1.071	1.167
Diluted NTA per share (pre-tax)	1.070	1.150
Diluted NTA per share (post-tax)	1.071	1.123

## INFORMATION ABOUT THE INVESTMENT MANAGER

The Investment Manager of the Company is NAOS Asset Management Limited (NAOS).

NAOS was established in 2005 as a boutique long/short Australian equities investment manager.

Currently NAOS focuses on providing investors with niche product offerings, in asset classes and sub-sectors where they often lack the time, resources or expertise to research and invest in the products themselves.

NAOS adopts a high conviction, value-driven, long/short approach to investing. The investment team looks to realise value over the medium to long term by sourcing, selecting and

combining investment opportunities that present the greatest opportunities for shareholders to realise positive absolute returns in the form of capital growth and income generation over the long term.

All NAOS investment products have an absolute return focus. As such, in implementing the strategy for the Company, the team places a primary focus on mitigating the risk of permanent loss of capital and assessing each investment opportunity on the basis of its potential for value-add in the portfolio. Given the approach adopted, it is unlikely that the performance of the Company's investment portfolio will present a high correlation to broader investment market movements.

NAOS believes there should always be a significant alignment of interests between the managers of investments and shareholders. As such, in undertaking the implementation of the investment strategy for the Company, the investment team seeks to only invest in businesses that are led by proven management teams with a clear alignment of interests to those of shareholders. Furthermore, NAOS Directors and employees are significant investors in the vehicles they manage.

Further information about NAOS can be found at [www.naos.com.au](http://www.naos.com.au).



### SEBASTIAN EVANS

#### Director

Sebastian Evans has been a Director of the Company since inception (6 November 2012). He was appointed as Director on 6 November 2012.

Sebastian Evans is a Director of NAOS Absolute Opportunities Company Limited and the Managing Director of the Investment Manager. He is also the Portfolio Manager of NAOS Absolute Opportunities Company, and NAOS Emerging Companies Long Short Equity Fund. Prior to this he was an Investment Analyst at the Investment Manager, focusing on emerging companies.

He holds a Masters of Applied Finance majoring in Investment Management as well as a Bachelor's Degree in Commerce, majoring in Finance and International Business. He also holds a Diploma in Financial Services and is RG146 Competent.

Sebastian is currently completing an Executive Masters of Business Administration (E) MBA from the Australian Graduate School of Management (AGSM/UNSW).

### WARWICK EVANS

#### Director

Warwick Evans has been a Director of the Company since inception (6 November 2012). He was appointed as Director on 6 November 2012.

Warwick Evans has over 35 years of equity markets experience, most notably as Managing Director for Macquarie Equities (Globally) from 1991 to 2001 as well as being an Executive Director for Macquarie Group. He is a Director of NAOS Absolute Opportunities Company Limited. He was also the founding Chairman and CEO of the Newcastle Stock Exchange (NSX). He was also the Chairman of the Australian Stockbrokers Association. Prior to these positions he was an Executive Director at County NatWest.

Warwick holds a Bachelor's Degree in Commerce majoring in Economics from the University of New South Wales.

### DAVID RICKARDS

#### Independent Chairman

David has been a Director and Chairman of the Company from 20 November 2012.

David has over 25 years of equity market experience, most recently as an Executive Director at Macquarie Group where David was head of equities research globally as well as equity strategy since 1989 until he retired in mid-2013. David was also a Consultant for the financial analysis firm Barra International.

He is a former Director and Treasurer at Bush Heritage Australia, a Director of NAOS Absolute Opportunities Company Limited and a Consultant at Barra International.

David holds a Masters of Business Administration majoring in Accounting and Finance from the University of Queensland as well as two Bachelor degrees, one in Engineering (Civil and Structural) from the University of Sydney, and a Bachelor's Degree in Science (Pure Mathematics and Geology).

## FINANCIAL RECORD

Net Tangible Assets	30 June 2015	30 June 2014
Undiluted NTA per share (pre-tax)***	\$1.070	\$1.203
Undiluted NTA per share (post-tax)	\$1.071	\$1.167
Diluted NTA per share (pre-tax)*	\$1.070	\$1.150
Diluted NTA per share (post-tax)*	\$1.071	\$1.123
Share price (mid)	\$0.998	\$1.045
Option price (expiring 1 February 2015)	n/a	\$0.135
Option price (expiring 1 August 2015)**	\$0.004	\$0.056

### Dividend

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2015 Interim dividend	3.25	3.25	30%
2015 Final dividend	3.00	3.00	30%
2014 Interim dividend	2.75	2.75	30%
2014 Final dividend	3.00	3.00	30%

### Final Dividend Dates

Ex-dividend date	20 October 2015
Record date	22 October 2015
Payment date	12 November 2015

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended fully franked final dividend of 3 cents per share qualifies. The plan will be in effect per the latest dividend reinvestment rules.

\* In the calculation of diluted NTA per share, options expiring on 1 August 2015 are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the year did not exceed the exercise price of the options.

\*\* On 1 August 2015, all unexercised options expired.

\*\*\* The Net Tangible Assets backing of the Company's shares is calculated, in accordance with ASX guidelines, by dividing the net tangible assets of the Company (net assets less tax assets and liabilities), at a particular date, by the number of shares on issue at that date. The change in NTA is primarily attributable to payment of fully franked dividends (6.25 cents per share) and options exercised by shareholders during the year. Total of 11,342,027 options were exercised at \$1.00 per option and 30,974 options at \$1.13 per option during the year (4,767,101 options were exercised at \$1.00 per option in 2014).

### Portfolio Performance

	3 Month (%)	6 Month (%)	1 Year (%)	2 Years (p.a. %)	Since Inception (p.a. %)	Since Inception (Nom. %)
NCC Portfolio Performance	-1.81	-1.10	+1.81	+15.73	+18.24	+48.20
S&P/ASX All Ordinaries Accumulation Index (XAOAI)	-4.04	+2.97	+0.44	+6.59	-2.43	-5.60
<b>Relative Performance</b>	<b>+2.23</b>	<b>-4.07</b>	<b>+1.37</b>	<b>+9.14</b>	<b>+20.67</b>	<b>+53.80</b>

\*Past performance is not an indicator of future returns. Performance is shown is post all operating expenses but before fees and taxes.



## Welcome to the NAOS Emerging Opportunities Company Limited Annual Report for the 2015 Financial Year.

As at 30 June 2015, the Company recorded a profit after tax of \$92,984. Profits were generated as a result of positive performance in the Company's investment portfolio, particularly via our exposure to BSA Limited, Lindsay Australia Limited and Sirtex Medical Limited.

Year on year the number of shareholders that held equity in the Company increased by 54% and shareholder equity (net assets) in the Company grew by 23.33%. The increase in shareholder equity is largely as a result of capital management initiatives such as the completion of the NCCO option issue, raising a total of \$11.3 million and the on-market purchase of shares for the DRP. Sound investment performance also contributed to the increase in shareholder equity over the period. Increased size generally is accretive to equity holders as it provides increased liquidity and turnover in shares being traded in the Company on the Exchange.

The investment portfolio returned +1.81% for the financial year resulting in an outperformance of the ASX/S&P Small Ordinaries Accumulation Index of +53.80% on a since inception (nominal) basis. The strategy used to generate returns for the Company's investment portfolio places primary focus on generating long term capital growth and the preservation of investors' capital.

The Company generated a yield to investors of 6.25%, fully franked for the Financial Year. The 6.25 cents per share paid out to investors represented an 8.70% increase from the period prior, with total dividends (fully franked) paid out for Financial Year 2014 being 5.75 cents per share. Since IPO the Company has returned a total of 14.5 cents per share, fully franked (~21 cents per share gross), to shareholders by way of dividend payments. The ability for the investment manager to produce such a result is

commendable, given the portfolio's focus on investing in "Emerging Companies". Whilst it remains prudent to do so, the Board will seek to continue to provide shareholders of the Company with fully franked dividends.

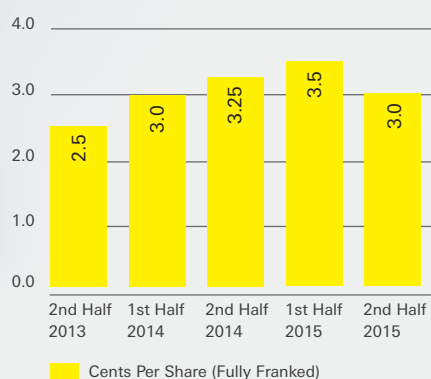
The Board remains committed to managing the capital base of the Company in a manner that provides the Investment Manager with flexibility and timeliness to implement the Company's stated investment strategy. We are also cognisant of the impact of size on the Investment Manager's ability to produce meaningful returns from the Emerging Companies space. With this in mind, the Board has made a commitment to limit future capital raising for the Company to achieve a net tangible asset base of a maximum \$100-150 million. Growth in net tangible assets beyond this level will be achieved mainly through investment portfolio performance.

All Directors of the Company were net acquirers of shares through the financial year 2015.

The Board thanks all shareholders for their continued support and we welcome all those who are new shareholders of the Company in the 2015 financial year.

David Rickards  
Chairman  
26 August 2015

### Historical Dividends





Financial Year 2015 was the backdrop to a marked slowdown in the domestic economy. In Australia, below-trend economic growth, higher unemployment and low inflation prompted the Reserve Bank of Australia (RBA) to reduce interest rates on two occasions in the last six months of the financial year.

As the yield on term deposits fell, investors left the cash environment and moved back into equities. Securities that offered some surety around consistency of income yield and liquidity outperformed, with the Banks, Utility Providers and REITs being the most accretive to shareholders over the period.

As a result of diminishing demand and pent up supply, the price of iron ore fell significantly during the period. Companies in the mining and resources sector suffered the most, a stark contrast from the year prior when many of these were the market outperformers.

In terms of market returns, the ASX 200 (Net, Accumulation Index) posted gains of +5.67% while the S&P/ASX Small Ordinaries Accumulation Index, the benchmark used for comparing the investment portfolio performance of the NAOS Emerging Opportunities Company (NCC), posted a return for FY15 of just +0.44%.

We believe the headwinds the economy faced over the financial year will continue for the foreseeable future. In this context, we believe earnings growth, usually a key driver of share price performance, will remain subdued and there will be little in the way of guidance from management as to near-term visibility aside from what can be gained from cost cutting and margin management initiatives. Whilst the economy remains exposed to the risk of a further slowdown in China, it should benefit significantly from the fall in the Australian dollar. The key industries/sectors set to benefit from a lower AUD are those in manufacturing, agriculture and tourism related enterprises.

## PORTFOLIO PERFORMANCE

The investment portfolio returned +1.81% for the financial year resulting in an outperformance of the ASX/S&P Small Ordinaries Accumulation Index of +53.80% on a since inception (nominal) basis. These returns have been generated with limited downside volatility providing investors with an attractive risk adjusted return. Investment portfolio performance was derived as a result of a concentrated portfolio of our best investment ideas. The portfolio, which is typically comprised of 10-12 investment holdings at any given point in time, focuses on the generation of positive absolute return to investors and mitigating the risk of permanent loss of capital. We disclose the stocks that contributed positively to portfolio performance in the Monthly Investment Reports, which are distributed monthly to those who have subscribed.

## CURRENT PORTFOLIO POSITIONING

The NCC investment portfolio adopts a concentrated, stock specific approach to generating positive absolute returns. Investment ideas are implemented in a manner which supports the generation of returns that bear a low correlation to that of the broader market. With this in mind, we seek out opportunities which, on a stand-alone basis, make for attractive investment opportunities. Key characteristics that we look for are strong franchises, significant potential for earnings growth, balance sheets that embody inherent value and proven management teams with a clear alignment of interests to those of shareholders.

Investment opportunities are assessed with the view that they should attain an average net return of 20% p.a. over an average three-year period. We have a high degree of conviction in relation to all positions in the portfolio with the current top five holdings in the portfolio at this time comprising >65% of the portfolio's total net tangible assets. Examples of our current substantial holdings in the portfolio include Enero Group, My Net Fone, Armidale Investment Corporation and Lindsay Australia. We remain committed to continuing to implement investment opportunities on both the long and short side of the portfolio as well as actively managing our cash exposure such that the investment objectives of the Company can be met and exceeded over the course of time.

The NAOS team thanks shareholders for their continued support.



**Sebastian Evans**  
Managing Director/Portfolio Manager  
NAOS Asset Management Limited

"NCC posted a positive return for the period of +1.81%, an outperformance of +1.37%. On a "since inception" basis the portfolio returned +48.20% nominally, outperforming the ASX/S&P Small Ordinaries Accumulation Index of +53.80%."

*To ensure the Company operates effectively and in the best interests of shareholders, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of its activities. The Company has adopted the ASX Corporate Governance Principles and Recommendations with 2010 Amendments for the 2015 financial year, subject to the exceptions noted below.*

### RESPECTIVE ROLES OF THE BOARD AND MANAGEMENT

These are covered under Recommendations 1.1 to 1.3 of Principle 1 (*Lay a solid foundation of oversight*).

The Company has a Board but no full-time employees. The Investment Manager has absolute and unfettered discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio. Under the Management Agreement, the Investment Manager has discretion to acquire and dispose of investments on behalf of the Company. Investments consistent with the investment strategy may be undertaken without consultation with the Board. For any proposed investment that falls outside the investment strategy, the Investment Manager requires prior approval from the Board, which the Board may withhold at its absolute discretion. Consequently, there is no need to delegate functions to senior management or for a process to evaluate the performance of senior executives under Recommendations 1.1, 1.2 and 1.3.

The role of the Board is to set strategic direction and to be responsible for the overall corporate governance of the Company which includes:

- Overseeing and monitoring the performance of the Investment Manager's compliance with the Management Agreement;
- Ensuring adequate internal controls exist and are appropriately monitored for compliance;
- Ensuring significant business risks are identified and appropriately managed;
- Approving the annual financial statements and related reports and other communications to the ASX and shareholders; and
- Setting appropriate business standards and codes for ethical behaviour.

### STRUCTURE OF THE BOARD

This is covered under Recommendations 2.1 to 2.6 of Principle 2 (*Structure the Board to add value*).

The skills, experience, expertise relevant to the position and term of office of each Director who is in office at the date of the Annual Report are detailed on page 3.

The Board has one independent Director and two non-independent Directors. David Rickards is the Director that is considered to be independent because he has no direct involvement in the management of the portfolio and he is free of any business or other relationship, that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement. David Rickards is also the Chairman.

A diversity policy has not been established because the Company wishes to maintain a small Board in order to minimise costs and increase shareholder returns; however, under Recommendations 3.2 to 3.5, diversity would be considered if a Board vacancy were to arise in the future. In the event of a vacancy arising, the Board will identify the candidates with an appropriate mix of skills, whilst being mindful of the need for diversity of age, gender and ethnicity.

It is the Board's policy that any committees established by the Board should be entitled to obtain independent professional or other advice at the cost of the Company unless the Board determines otherwise.

Given the size of the Board, a Nomination Committee has not been formed under Recommendation 2.4. The Board believes that the formation of such a committee would be inefficient given the nature and size of the Company. It would not serve to protect or enhance the interests of the shareholders. The Board will deal with this issue as a whole. Should the size of the Company change the Board will consider establishing a separate nomination committee.

The Board reviews its performance by discussions and by individual communication with the Chairman and by reference to generally accepted Board performance standards.

### PROMOTION OF ETHICAL AND RESPONSIBLE DECISION MAKING

This is covered under Recommendations 3.1 to 3.5 of Principle 3 (*Promote ethical and responsible decision making*).

The Company has adopted a formal code of conduct. This is incorporated in the Company's Corporate Governance Charter ([www.naos.com.au](http://www.naos.com.au)). The Company requires all its Directors to comply with standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and with integrity and fairness in all dealings with others and each other, managing conflicts of interests, complying with the laws that govern the Company's business and its operations and acting ethically in their approach to business decisions.

As the Company has no full-time employees and given the size of the Board, a diversity policy has not been established under Recommendations 3.2 to 3.5. The Board determines the appropriate policy concerning diversity. This policy includes a recommendation as to whether it is appropriate for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually.

### INTEGRITY IN FINANCIAL REPORTING

This is covered under Recommendations 4.1 to 4.4 of Principle 4 (*Safeguard integrity in financial reporting*).

An Audit Committee has not been established under Recommendation 4.1 because the Board believes that the formation of such a committee would be inefficient given the nature and size of the Company. It would not serve to protect or enhance the interests of the shareholders. The Board will deal with this issue as a whole. Should the size of the Company change the Board will consider establishing a separate audit committee. Consequently, there is no need to disclose information under Recommendations 4.2 to 4.3.

## ASX LISTING RULE COMPLIANCE

This is covered under Recommendations 5.1 to 5.2 of Principle 5 (*Make timely and balanced disclosure*).

The Company operates under the continuous disclosure requirements of the ASX Listing Rules as set out in its Continuous Disclosure Policy ([www.naos.com.au](http://www.naos.com.au)). The Company ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to the material information concerning the Company.

The Company Secretary has the responsibility for ensuring that all relevant information is released to the market in a timely manner in consultation with the Board. The Company considers this to be a satisfactory protocol given its size and nature of the Company.

## RIGHTS OF SHAREHOLDERS

This is covered under Recommendations 6.1 to 6.2 of Principle 6 (*Respect the rights of shareholders*).

The Board has developed a strategy within its Continuous Disclosure Policy ([www.naos.com.au](http://www.naos.com.au)) to ensure that shareholders are informed of all major developments affecting the Company's performance, activities and state of affairs. This includes having a website to facilitate communication with shareholders via electronic methods. In addition the Company publishes regular shareholder communications, such as half-yearly and annual reports, and provides shareholders with an opportunity to access such reports and other releases electronically.

The Board encourages full participation of shareholders at the Company's annual general meetings and any general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor is also invited to the annual general meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

## RISK MANAGEMENT

This is covered under Recommendations 7.1 to 7.4 of Principle 7 (*Recognise and manage risk*).

Due to the size of the Company, the responsibility for the effectiveness of risk management and internal compliance and control will rest with the Board. The Board will liaise with and oversee the application by the Investment Manager of the risk management protocols. Consequently the Company has not complied with recommendation 7.1.

As a small Company, the Board works closely with the Investment Manager to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.

The Investment Manager is responsible for preparing the declaration pursuant to Section 295A of the Corporations Act as the Company does not have a chief executive officer (or equivalent) or a chief financial officer (or equivalent). Accordingly, the Board seeks to procure that the Investment Manager puts in place sound systems of risk management and financial controls and ensure that the systems are operating effectively in all material respects.

## FAIR REMUNERATION

This is covered under Recommendations 8.1 to 8.4 of Principle 8 (*Remunerate fairly and responsibly*).

A Remuneration Committee has not been established under recommendation 8.1 because the Board believes that the formation of such a committee would be inefficient given the nature and size of the Company. It would not serve to protect or enhance the interests of the shareholders. The Board will deal with this issue as a whole. Should the size of the Company change, the Board will consider establishing a separate Remuneration Committee. Consequently, the Company has not complied with Recommendations 8.1 and 8.2.

The Company does not have any executive Directors or senior executives. The remuneration of all the non-executive Directors is disclosed in the Prospectus and in Note 14 of this financial report.

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## DIRECTORS' REPORT

The Directors of NAOS Emerging Opportunities Company Limited ACN 161 106 510 (the "Company"), submit their report for the Company for the year ended 30 June 2015.

### COMPANY INFORMATION

#### Directors and Officers

The names of the Directors of the Company, in office from inception (6 November 2012) and up to the date of this report are:

Name	Title
David Rickards	Independent Chairman (appointed from 20 November 2012)
Warwick Evans	Director
Sebastian Evans	Director

Further details regarding the Directors' qualifications and experience are set out on page 3 of the annual report.

### MEETINGS OF DIRECTORS

The following table shows the number of Board meetings held during the financial year ended 30 June 2015 and the year ended 30 June 2014.

	Year ended 30 June 2015		Year ended 30 June 2014	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr David Rickards (Chairman)	10	10	11	11
Mr Warwick Evans (Director)	10	9	11	10
Mr Sebastian Evans (Director)	10	10	11	11

### INTERESTS IN SHARES OF THE COMPANY

As at the date of this report, the relevant interests of the Directors and their related parties in the shares of the Company were:

	30 June 2015 Relevant interests (Shares)	30 June 2014 Relevant interests (Shares)
Mr David Rickards (Chairman)	578,782	534,731
Mr Warwick Evans (Director)	1,794,697	1,565,774
Mr Sebastian Evans (Director)	836,800	749,455

### INTEREST IN OPTIONS OF THE COMPANY

As at the date of this report, the relevant interests of the Directors and their related parties in the options of the Company were:

	30 June 2015 Relevant interests (Options)	30 June 2014 Relevant interests (Options)
Mr David Rickards (Chairman)	—	—
Mr Warwick Evans (Director)	—	1,989,950
Mr Sebastian Evans (Director)	—	185,679

\* 5,375,000 escrowed

### OTHER DIRECTORSHIPS

Sebastian Evans and Warwick Evans are currently the Directors of NAOS Asset Management Limited.

## DIRECTORS' REPORT

Continued

### PRINCIPAL ACTIVITIES

The Company was constituted on 6 November 2012 to invest primarily in a concentrated portfolio of listed entities that are not included in the S&P/ASX 100 Accumulation Index with the objective of providing investors with high quality and concentrated exposure to emerging companies.

### REVIEW OF OPERATIONS

#### Results

Please refer to the Investment Manager's review on page 6 regarding the performance of the Company.

The results of the operations of the Company are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The results and dividends for the year ended 30 June 2015 and 30 June 2014 were as follows:

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
(Loss)/profit before income tax	(766,149)	6,089,719
Income tax benefit/(expense)	859,133	(1,234,865)
<b>Profit for the year</b>	<b>92,984</b>	<b>4,854,854</b>
<b>Profit for the period attributable to members</b>	<b>92,984</b>	<b>4,854,854</b>

#### Dividends Paid or Payable

Year ended 30 June 2015	Dividend rate (cents per share)	Total amount	% Franked	Date of payment
2014 final dividend (declared 20 November 2014)	3.00	1,098,271	100%	3 December 2014
2015 interim dividend (declared 25 February 2015)	3.25	1,524,845	100%	31 March 2015
		<b>2,623,116</b>		

Year ended 30 June 2014	Dividend rate (cents per share)	Total amount	% Franked	Date of payment
2013 final dividend (declared 27 August 2013)	2.50	436,166	100%	23 October 2013
2014 interim dividend (declared 18 February 2014)	2.75	943,504	100%	15 April 2014
		<b>1,379,670</b>		

For dividends declared post year end please refer to Note 20.

#### Net Assets

As at 30 June 2015 and 30 June 2014, the net assets of the Company were:

	30 June 2015 \$	30 June 2014 \$
Net assets at fair value	50,269,116	41,091,531
Undiluted NTA per share (pre-tax)	1.070	1.203
Undiluted NTA per share (post-tax)	1.071	1.167
Diluted NTA per share (pre-tax)	1.070	1.150
Diluted NTA per share (post-tax)	1.071	1.123

In the calculation of diluted NTA per share, options expiring on 1 August 2015 are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the year did not exceed the exercise price of the options..

The fair value of financial assets traded in an active market is based on their quoted market price at the reporting date without any deduction for estimated future selling costs.

## Significant Changes in State of Affairs

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

## Subsequent Events

On 24 July 2015, NCCOA options ceased trading on the Australian Stock Exchange. On 1 August 2015 all unexercised options expired.

On 18 August 2015, the Company declared a fully franked dividend of 3 cents per share.

Other than the matters described above, there has been no matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Likely Developments

The Company will be managed in accordance with the Constitution and investment objectives.

## Environmental Regulation and Performance

The operations of the Company are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Company.

## Indemnification of Directors, Officers and Auditors

During the financial year, the Company paid premiums in respect of contracts insuring the Directors against a liability incurred as a Director or executive officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability as such an officer or auditor.

## REMUNERATION REPORT

The Directors of the Company present the Remuneration Report to shareholders. The report is a requirement under section 300A (1) of the Corporations Act and covers the following information:

- the Board's policy for determining the nature and amount of remuneration of Directors and other key management personnel (if any) of the Company;
- a discussion of the relationship between such policy and the Company's performance; and
- the details of the remuneration of the Directors and other management personnel (if any).

## Directors and Officers

The names of the Directors of the Company, in office from inception (6 November 2012) and up to the date of this report are:

Name	Title
David Rickards	Independent Chairman (appointed from 20 November 2012)
Warwick Evans	Director
Sebastian Evans	Director

## Remuneration of Directors

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by shareholders. This is the only remuneration that Non-Executive Directors are entitled to.

Payments to Non-Executive Directors reflect the demands and responsibilities of their roles and are reviewed annually by the Board. The Company determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are set at a maximum of \$100,000 per annum. Non-Executive Directors do not receive bonuses nor are they issued options on securities. The maximum fees paid to Non-Executive Directors may not be increased without approval from the Company at a general meeting.

## DIRECTORS' REPORT

Continued

### REMUNERATION REPORT (CONTINUED)

The results for the year/period and key indicators of the financial performance are disclosed in the following table:

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Income	836,841	7,678,566
Net profit before tax	(766,149)	6,089,719
Net profit after tax	92,984	4,854,854
Share price at the start of the year	1.0450	0.9750
Share price at the end of the year	0.9980	1.0450
Interim dividend <sup>1</sup>	3.25 cents	2.75 cents
Final dividend <sup>1,2</sup>	3 cents	3 cents
Basic earnings per share	0.23 cents	19.16 cents
Diluted earnings per share	0.23 cents	18.54 cents

1. Fully franked at 30% corporate income tax rate.

2. Fully franked declared after the end of the reporting year.

Directors' remuneration received for the year ended 30 June 2015 and the year ended 30 June 2014 is disclosed below:

Mr Sebastian Evans is remunerated by the Investment Manager and is currently not entitled to director's remuneration from the Company.

	Short-term employee benefits Director's fees \$	Post- employment benefits Superann- uation \$	Total \$
<b>30 June 2015</b>			
Mr David Rickards (Chairman)	32,110	2,890	35,000
Mr Warwick Evans (Director)	9,174	826	10,000
Mr Sebastian Evans (Director)	—	—	—
	<b>41,284</b>	<b>3,716</b>	<b>45,000</b>
<b>30 June 2014</b>			
Mr David Rickards (Chairman)	32,110	2,890	35,000
Mr Warwick Evans (Director)	9,174	826	10,000
Mr Sebastian Evans (Director)	—	—	—
	<b>41,284</b>	<b>3,716</b>	<b>45,000</b>

During the financial year ended 30 June 2015 and the year ended 30 June 2014, the relevant interests of the Directors and their related parties in the shares of the Company were:

Ordinary shares Year ended 30 June 2015	Opening balance No. of shares	Acquired No. of shares	Sold No. of shares	Closing balance No. of shares
Mr David Rickards (Chairman)	534,731	44,051	–	578,782
Mr Warwick Evans (Director)	1,565,774	1,692,084	(1,463,161)	1,794,697
Mr Sebastian Evans (Director)	749,455	265,845	(178,500)	836,800

Ordinary shares Year ended 30 June 2014	Opening balance No. of shares	Net acquired No. of shares	Net sold No. of shares	Closing balance No. of shares
Mr David Rickards (Chairman)	240,000	294,731	–	534,731
Mr Warwick Evans (Director)	1,489,950	75,824	–	1,565,774
Mr Sebastian Evans (Director)	290,859	458,596	–	749,455

## NON-AUDIT SERVICES

No non-audit services were provided during the year. Refer to Note 12 of this financial report for details of auditor remuneration.

## ROUNDING

The amounts contained in this report and in the financial statements have not been rounded to the nearest thousand dollars under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 16.

This Directors' Report is signed in accordance with a resolution of Directors of the Company made pursuant to section 298 (2) of the Corporations Act 2001.



Sebastian Evans  
Director  
26 August 2015



Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1217 Australia

DX 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
[www.deloitte.com.au](http://www.deloitte.com.au)

The Board of Directors  
NAOS Emerging Opportunities Company Limited  
Level 4, Domain House  
139 Macquarie Street  
Sydney, NSW, 2000

26 August 2015

Dear Directors,

**NAOS Emerging Opportunities Company Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of NAOS Emerging Opportunities Company Limited.

As lead audit partner for the audit of the financial statements of NAOS Emerging Opportunities Company Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited



Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1217 Australia

DX 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
www.deloitte.com.au

## **Independent Auditor's Report to the Members of NAOS Emerging Opportunities Company Limited**

### **Report on the Financial Report**

We have audited the accompanying financial report of NAOS Emerging Opportunities Company Limited which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company as set out on pages 19 to 40.

#### *Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

# Deloitte.

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of NAOS Emerging Opportunities Company Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the financial report of NAOS Emerging Opportunities Company Limited is 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 2015 and of its performance for the year ended 30 June 2015; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 13 to 15 of the directors' report for the year ended 30 June 2015. 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.

### *Opinion*

In our opinion the Remuneration Report of NAOS Emerging Opportunities Company Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 26 August 2015

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
<b>Income</b>	3	836,841	7,678,566
<b>Expenses</b>			
Interest expense		(34,683)	(27,215)
Dividend expense on short sales		(118,360)	–
Management fees	16	(614,385)	(401,601)
Performance fees	16	–	(702,521)
Administration fees		(64,229)	(43,494)
Directors' remuneration		(45,000)	(45,000)
Australian stock exchange fees		(23,470)	(23,470)
Auditor's remuneration		(33,495)	(31,185)
Custody fees		(56,591)	(18,636)
Insurance fees		(40,632)	(28,956)
Registry fees		(36,258)	(47,982)
Other expenses	4	(535,887)	(218,787)
<b>(Loss)/profit before income tax expense</b>		<b>(766,149)</b>	<b>6,089,719</b>
Income tax benefit/(expense)	5	859,133	(1,234,865)
<b>Profit for the year attributable to shareholders of the Company</b>		<b>92,984</b>	<b>4,854,854</b>
Other comprehensive income		–	–
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>		<b>92,984</b>	<b>4,854,854</b>
<b>Basic earnings per share</b>	18	<b>0.23</b>	<b>19.16</b>
<b>Diluted earnings per share</b>	18	<b>0.23</b>	<b>18.54</b>

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>Assets</b>			
Cash and cash equivalents	13	2,723,813	4,394,144
Trade and other receivables	7	1,914,719	1,278,029
Financial assets at fair value through profit or loss	8	49,972,357	44,239,857
Deferred tax assets	5 (c), 5 (d)	96,696	353,783
<b>Total assets</b>		<b>54,707,585</b>	<b>50,265,813</b>
<b>Liabilities</b>			
Trade and other payables	9	4,424,449	1,194,003
Financial liabilities at fair value through profit or loss	8	–	6,334,600
Provision for income tax		14,020	298,919
Deferred tax liabilities	5 (c), 5 (d)	–	1,346,760
<b>Total liabilities</b>		<b>4,438,469</b>	<b>9,174,282</b>
<b>Net assets</b>		<b>50,269,116</b>	<b>41,091,531</b>
<b>Equity</b>			
Issued capital – Ordinary shares	10	46,678,301	33,992,409
Share option reserve	11 (b)	1,434,545	2,516,130
Retained earnings	11 (a)	2,156,270	4,582,992
<b>Total equity</b>		<b>50,269,116</b>	<b>41,091,531</b>

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 2015**

	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
Other comprehensive income for the year	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>15,700,572</b>	<b>1,486,649</b>	<b>5,962,662</b>	<b>23,149,883</b>
Shares issued during the year	11,917,783	1,438,817	–	13,356,600
Share placement fees net of tax	(182,053)	–	–	(182,053)
Dividends paid	–	–	(1,379,670)	(1,379,670)
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)	–	–
<b>Balance at 30 June 2014</b>	<b>33,992,409</b>	<b>2,516,130</b>	<b>4,582,992</b>	<b>41,091,531</b>
	Issued capital \$	Share option reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2014	33,992,409	2,516,130	4,582,992	41,091,531
Profit for the year	–	–	92,984	92,984
Other comprehensive income for the year	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>33,992,409</b>	<b>2,516,130</b>	<b>4,675,976</b>	<b>41,184,515</b>
Shares issued during the year	–	–	–	–
Dividends paid	–	–	(2,623,116)	(2,623,116)
Dividend reinvestment	330,690	–	–	330,690
Share options exercised	11,377,027	–	–	11,377,027
Share options expired	–	(103,410)	103,410	–
Transfer from share option reserve	978,175	(978,175)	–	–
<b>Balance at 30 June 2015</b>	<b>46,678,301</b>	<b>1,434,545</b>	<b>2,156,270</b>	<b>50,269,116</b>

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 2015**

	Note	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
<b>Cash flows from operating activities</b>			
Dividends received		2,168,656	2,056,233
Dividend expenses paid on short sales		(118,360)	–
Interest received		213,001	85,355
Interest paid		(36,768)	–
Management and performance fees paid		(1,357,281)	(607,552)
Directors' remuneration paid		(45,000)	(42,437)
Income tax paid		(515,440)	–
Other payments		(778,333)	(483,400)
Other receipts		61,940	–
<b>Net cash (used in)/provided by operating activities</b>	13 (b)	<b>(407,585)</b>	<b>1,008,199</b>
<b>Cash flows from investing activities</b>			
Payments from purchase of investments		(117,002,337)	(109,827,528)
Proceeds from sale of investments		106,658,758	95,229,059
<b>Net cash used in investing activities</b>		<b>(10,343,579)</b>	<b>(14,598,469)</b>
<b>Cash flows from financing activities</b>			
Receipts from share issues		–	13,356,600
Receipts from dividend reinvestment plan		–	850,833
Dividends paid		(2,296,194)	(823,809)
Receipts from options exercised		11,377,027	4,767,101
Placement fees paid		–	(284,730)
<b>Net cash provided by financing activities</b>		<b>9,080,833</b>	<b>17,865,995</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,670,331)</b>	<b>4,275,725</b>
Cash and cash equivalents at the beginning of the year		4,394,144	118,419
<b>Cash and cash equivalents at the end of the year</b>	13 (a)	<b>2,723,813</b>	<b>4,394,144</b>
<b>Non-cash activities – dividend reinvestment</b>		<b>330,690</b>	<b>528,837</b>

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

## 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 for the Company. The financial statements were authorised for issue by the Directors on 26 August 2015.

## 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 for-profit entity.

This general purpose financial report has been prepared on an accruals basis using historical cost conventions, 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 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 presentation currency of the Company.

### d) Going Concern Basis

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

### 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 are 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", and 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. Additionally it is required to pay any dividend forgone by stock lenders in respect of borrowed securities. These are included in the Statement of Profit or Loss and Other Comprehensive Income as dividend expense on short sales.

#### 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments are derecognised when the right to receive cash flows from the investments has 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 Company 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 resolved that the calculation of the fair value of the holding in the secured convertible note is as follows. No interest is accrued on the note; however the note receives a redemption premium of 15% per annum on the amount owing under

each note. A note has the option of being converted into ordinary shares prior to maturity at 20 cents per share, based on the value of the note, inclusive of any redemption premium. For the purposes of producing a monthly NTA and the preparation of statutory financial reports, the Board resolved to calculate the value of the note based on the total value of the redemption premium 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 market's 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.

### 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 owed 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 substantively 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, and 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.

### m) Foreign Currency Transactions

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 shareholders for the amount residing in the share option reserve relating to the Options exercised.

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

#### **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**

Basic 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 is required to make judgements, 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 circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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, specifically convertible note, are outlined in Note 1 (g) of these financial statements.

## **2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

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

The following new and revised Standards and Interpretations have been adopted in the current year and have not materially affected the amounts reported in these financial statements.

#### **AASB 1031 "Materiality"**

- The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be

withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

#### **AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)"**

- This standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 "Financial Instruments: Presentation" and clarifies the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". 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 2013-4 "Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting"**

- This standard amends AASB 139 "Financial Instruments: Recognition and Measurement" to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. As the Company does not use hedge accounting, the application of the amendments does not have any material impact on the financial statements.

#### **AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"**

- This standard provides an exemption from consolidation of subsidiaries under AASB 10 "Consolidated Financial Statements" for entities which meet the definition of an "investment entity", such as certain investment funds. Instead, such entities would measure their investment in a particular subsidiaries at fair value through profit or loss in accordance with AASB 9 "Financial Instruments" or AASB 139 "Financial Instruments: Recognition and Measurement". The application of the amendments does not have any material impact on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

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 the 30 June 2015 reporting period and have not been early adopted by the Company.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 "Financial Instruments", and the relevant amending standards	1 January 2018	30 June 2019
AASB 2015-1 "Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle"	1 January 2016	30 June 2017
AASB 2015-2 "Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101"	1 January 2016	30 June 2017
AASB 2015-3 "Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality"	1 July 2015	30 June 2016
AASB 2015-5 "Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception"	1 January 2016	30 June 2017
AASB 15 "Revenue from Contracts with Customers" and AASB 2014-5 "Amendments to Australian Accounting Standards arising from AASB 15"	1 January 2017	30 June 2018

The Company has not yet assessed the potential impact of these standards.

### 3. INCOME

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Unrealised (losses)/gains on financial instruments held at fair value through profit or loss	(4,497,122)	3,253,632
Realised gains on financial instruments held at fair value through profit or loss	2,954,062	2,269,630
Interest income	211,245	91,571
Dividend income	2,168,656	2,056,233
Other income	–	7,500
	836,841	7,678,566

#### 4. OTHER EXPENSES

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Annual general meeting fees	(2,750)	(2,750)
Brokerage fees	(208,505)	(36,740)
Legal fees	–	(15,659)
Other fees	(319,132)	(158,138)
Tax fees	(5,500)	(5,500)
<b>Total other expenses</b>	<b>(535,887)</b>	<b>(218,787)</b>

#### 5. INCOME TAX

##### a) Income Tax Expense

The aggregate amount tax (benefit)/expense attributable to the year differs from the amount calculated on the profit for the year.

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Differences are reconciled as follows:		
(Loss)/profit for the year before income tax (benefit)/expense	(766,149)	6,089,719
Prima facie income tax (benefit)/expense calculated at 30%	(229,845)	1,826,916
Adjustment to income tax due to:		
Tax offset for franked dividend received	(629,288)	(592,051)
<b>Income tax (benefit)/expense</b>	<b>(859,133)</b>	<b>1,234,865</b>

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

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Deferred income (benefit)/tax relating to origination and reversal of temporary differences	(1,089,673)	935,946
Current year tax expense	230,540	298,919
<b>Income tax (benefit)/expense</b>	<b>(859,133)</b>	<b>1,234,865</b>

##### c) 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 2015 \$	Year ended 30 June 2014 \$
Deferred tax asset on initial public offering commission	23,972	35,958
Deferred tax asset on placement fees	51,252	68,336
Other temporary differences	18,569	249,489
	<b>93,793*</b>	<b>353,783</b>

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 5. INCOME TAX (CONTINUED)

#### d) Deferred Tax Liability

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Deferred income tax liability on unrealised gains on fair value of investments	(1,349,137)	1,344,776
Other temporary differences	1,346,234	1,984
	(2,903)*	1,346,760

\* As at 30 June 2015, the deferred tax liability of (\$2,903), is included within the deferred tax asset amount on the Statement of Financial Position.

#### e) Income Tax Recognised in Equity

	30 June 2015 \$	30 June 2014 \$
Deferred tax		
Placement fees	75,224	85,419
Total income tax recognised directly in equity	75,224	85,419

### 6. DIVIDEND PAID OR PAYABLE

Year ended 30 June 2015	Dividend rate (cents per share)	Total amount	% Franked	Date of payment
2014 final dividend (declared 20 November 2014)	3.00	1,098,271	100%	3 December 2014
2015 interim dividend (declared 25 February 2015)	3.25	1,524,845	100%	31 March 2015
		2,623,116		
Year ended 30 June 2014	Dividend rate (cents per share)	Total amount	% Franked	Date of payment
2013 final dividend (declared 27 August 2013)	2.50	436,166	100%	23 October 2013
2014 interim dividend (declared 18 February 2014)	2.75	943,504	100%	15 April 2014
		1,379,670		

Dividends payable at 30 June 2015 were \$23,256 (2014: \$27,024).

#### Dividend Franking Information

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Franking credits available for shareholders from previous financial periods	527,751	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 year	(1,124,193)	(591,287)
Impact on the franking account of dividends received during the year	898,983	845,787
Impact on franking account of income tax paid/payable	515,439	–
Adjusted franking account balance	817,980	527,751
Estimated 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 year	603,235 <sup>1</sup>	452,906 <sup>1</sup>

1. This calculation is based on the number of shares on issue as at 30 June.

## 7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	30 June 2015 \$	30 June 2014 \$
GST receivable	28,343	82,982
Interest receivable	4,856	6,612
Other receivables	21,056	16,056
Receivable from investments sold	1,819,955	1,119,569
Prepaid fees	40,509	52,810
	<b>1,914,719</b>	<b>1,278,029</b>

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.

## 8. INVESTMENTS IN FINANCIAL INSTRUMENTS

### Financial assets at Fair Value through Profit or Loss

	30 June 2015 \$	30 June 2014 \$
Investment in ordinary shares	49,402,357	43,009,857
Investment in unlisted convertible notes	570,000	1,230,000
Total financial assets at fair value through profit or loss	<b>49,972,357</b>	<b>44,239,857</b>

### Financial liabilities at Fair Value through Profit or Loss

	30 June 2015 \$	30 June 2014 \$
Investment in ordinary shares – short sales	–	6,334,600
Total financial liabilities at fair value through profit or loss	<b>–</b>	<b>6,334,600</b>

### 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 2015 \$	30 June 2014 \$
Auditors' remuneration payable	18,915	18,915
Interest payable	1,547	3,632
Management fee payable	57,541	48,071
Unsettled trades payable	4,238,553	271,587
Performance fees payable	–	753,925
Dividend payable	23,256	27,024
Other payables	84,637	70,849
Total	<b>4,424,449</b>	<b>1,194,003</b>

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

Continued

### 10. ISSUED CAPITAL

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

	30 June 2015		30 June 2014	
	No. of shares	\$	No. of shares	\$
Issued and paid up capital – ordinary shares	46,918,297	46,678,301	35,226,053	33,992,409

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:

- 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;
- 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);
- the right to receive dividends;
- 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
- 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 \$	\$
1 July 2013	Opening balance	17,313,439		15,700,572
	Share option exercise (Listed options \$1.00 Exp 1 Feb 2015)	4,767,101	1.000	4,767,101
	Dividend reinvestment	412,684	1.057	436,166
	Ordinary shares issued	11,820,000	1.130	13,356,600
	Dividend reinvestment	912,829	1.034	943,504
	Share placement fees net of tax	–		(182,053)
	Share option reserve	–		(1,029,481)
30 June 2014	Closing balance	35,226,053		33,992,409

Date	Details	No. of shares	Issue price \$	\$
1 July 2014	Opening balance	35,226,053		33,992,409
	Share option exercise (Listed options \$1.00 Exp 1 Feb 2015)	11,342,027	1.000	11,342,027
	Share option exercise (Listed options \$1.13 Exp 1 Aug 2015)	30,974	1.130	35,000
	Dividend reinvestment	319,243	1.036	330,690
	Share option reserve	–		978,175
30 June 2015	Closing balance	46,918,297		46,678,301

## 11. RESERVES

### a) Retained Earnings

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Opening balance	4,582,992	1,107,808
Net profit attributable to members of the Company	92,984	4,854,854
Dividends paid	(2,623,116)	(1,379,670)
Option expiry 1 February 2015	103,410	–
Closing balance	2,156,270	4,582,992

### 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 \$1.13 per option.
- 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 seven 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 2015 \$	Year ended 30 June 2014 \$
Opening balance	2,516,130	1,486,649
Options attached to ordinary shares issued during the year	–	1,438,817
Share option exercise	(978,175)	(409,336)
Option expiry 1 February 2015	(103,410)	–
Closing balance	1,434,545	2,516,130

The movement in the number of share options is detailed below:

	Year ended 30 June 2015 No. of options	Year ended 30 June 2014 No. of options
Opening balance	24,366,339	17,313,439
Additions \$1.13 options expiring 1 August 2015	–	11,820,000
Exercise of \$1.00 options expiring 1 February 2015	(11,342,027)	(4,767,100)
Exercise of \$1.13 options expiring 1 August 2015	(30,974)	–
Option expiry 1 February 2015	(1,204,312)	–
Closing balance	11,789,026	24,366,339

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 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 2015 \$	Year ended 30 June 2014 \$
Deloitte Touche Tohmatsu – audit and review of the financial report	33,495	31,185
Non-audit services	–	–
<b>Total audit fee expense</b>	<b>33,495</b>	<b>31,185</b>

### 13. CASH AND CASH EQUIVALENTS

#### a) Components of Cash and Cash Equivalents

	30 June 2015 \$	30 June 2014 \$
Cash at banks	2,723,813	4,394,144

#### b) Reconciliation of Profit for the Year to Cash Provided by Operating Activities

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Profit for the year attributable to shareholders after tax	92,984	4,854,854
Adjustments for:		
Change in value of financial assets designated at fair value through profit or loss	1,543,060	(5,523,262)
Income tax (benefit)/expense recognised in the Statement of Profit or Loss and Other Comprehensive Income	(859,133)	1,234,865
Income tax paid	(515,440)	–
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	63,696	(80,392)
(Decrease)/increase in trade and other payables	(732,752)	522,134
<b>Net cash (used in)/provided by operating activities</b>	<b>(407,585)</b>	<b>1,008,199</b>

## 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 2015 was \$45,000 (2014: \$45,000).

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

### b) Related Party Shareholdings

#### *NAOS Asset Management Limited*

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

NAOS Asset Management Limited holds 542,954 shares (2014: 511,827 shares) in the Company.

#### *NAOS Long Short Equity Fund*

The Investment Manager for NAOS Long Short Equity Fund is NAOS Asset Management Limited. As at 30 June 2015, NAOS Long Short Equity Fund holds no Ordinary shares in the Company (2014: 612,113 Ordinary shares). All transactions with related parties have taken place at arm's length and in the ordinary course of business. NAOS Long Short Equity Fund was liquidated on 29 May 2015.

Other than the disclosure at Note 16 and above there was no interest in the Company held by other entities also managed by the key management personnel.

#### *Holdings of Shares by Key Management Personnel*

As at the date of this report, the relevant interests of the Directors and their related parties in the shares of the Company were:

	Opening balance	Acquired	Sold	Closing balance
	No. of shares	No. of shares	No. of shares	No. of shares
<b>Ordinary shares</b>				
<b>Year ended 30 June 2015</b>				
Mr David Rickards (Chairman)	534,731	44,051	–	578,782
Mr Warwick Evans (Director)	1,565,774	1,692,084	(1,463,161)	1,794,697
Mr Sebastian Evans (Director)	749,455	265,845	(178,500)	836,800
	Opening balance	Net acquired	Net sold	Closing balance
	No. of shares	No. of shares	No. of shares	No. of shares
<b>Ordinary shares</b>				
<b>Year ended 30 June 2014</b>				
Mr David Rickards (Chairman)	240,000	294,731	–	534,731
Mr Warwick Evans (Director)	1,489,950	75,824	–	1,565,774
Mr Sebastian Evans (Director)	290,859	458,596	–	749,455

#### *Holdings of Options by Key Management Personnel*

During the year, the relevant interests of the Directors and their related parties in the options of the Company were:

	30 June 2015 Relevant interests (Options)	30 June 2014 Relevant interests (Options)
Mr David Rickards (Chairman)	–	–
Mr Warwick Evans (Director)	–	1,989,950
Mr Sebastian Evans (Director)	–	185,679

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 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.

#### Holdings of Shares by the Directors of the Investment Manager

	30 June 2015	30 June 2014
Ordinary shares	No. of shares	No. of shares
David O'Halloran (Director)	4,218,859	4,155,476
Warwick Evans (Director) – key management personnel	1,794,697	1,565,774
Richard Granger (Director)	2,000	335,651
Sebastian Evans (Director) – key management personnel	836,800	749,455
Mark Bennett (Director)	432,237	157,633

#### 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 2015:

- Management fees of \$614,385 (2014: \$401,601) (excluding RITC) were incurred during the year.
- Management fees payable at 30 June 2015 were \$57,541 (2014: \$48,071) (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 2015:

- Performance fees of nil (2014: \$702,521) (excluding RITC) were incurred during the year.
- Performance fees payable at 30 June 2015 were nil (2014: \$753,925) (including RITC).

### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial instruments of the Company comprise investments in financial assets held for the purpose of generating a return on the investment made by shareholders. In addition, the Company also holds cash and cash equivalents, and other financial instruments such as trade debtors and creditors, which arise directly from the operations of the Company. The responsibility for identifying and controlling the risks that arise from these instruments is that of the Investment Manager of the Company.

The method used to measure the risks reflects the expected impact on the performance of the Company as well as the assets attributable to shareholders of the Company resulting from reasonably possible changes in the relevant risk variables. Information regarding the Company's risk exposure is prepared and monitored by the Investment Manager against established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Company as well as the level of risk the Company is willing to accept. Information about these risk exposures at reporting date is disclosed throughout Note 17.

#### a) Credit Risk

Credit risk represents the risk that the Company will incur financial loss as a result of a failure by a counterparty to discharge an obligation to a financial instrument. In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their contractual obligations.

This risk may be minimised by:

- ensuring counterparties, together with the respective credit limits, are approved;
- ensuring that the transactions are undertaken with a large number of counterparties; and
- ensuring that the transactions are undertaken on recognised exchanges.

**a) Credit Risk (continued)****i) Settlement of securities transactions**

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase orders on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

**ii) Cash and cash equivalents**

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A or higher.

**iii) Other**

The Company is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are not considered to be impaired nor past due.

**b) Market Risk**

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices and other price risks and liquidity. Market risk is managed and monitored on an ongoing basis by the Investment Manager.

By its nature, as a listed investment Company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

**i) Currency Risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company may be exposed to foreign currency risk if its portfolio includes securities that are denominated in a foreign currency. Currency risk may be reduced by the use of cross-currency swaps, foreign exchange forwards and spot contracts.

The Company was not exposed to direct currency risk during the year ended 30 June 2015 (2014: nil).

	Floating interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2015</b>			
<b>Assets</b>			
Cash and cash equivalents	2,723,813	–	2,723,813
Trade and other receivables	–	1,914,719	1,914,719
Financial assets at fair value through profit or loss	–	49,972,357	49,972,357
<b>Total assets</b>	<b>2,723,813</b>	<b>51,887,076</b>	<b>54,610,889</b>
<b>Liabilities</b>			
Trade and other payables	–	4,424,449	4,424,449
<b>Total liabilities</b>	<b>–</b>	<b>4,424,449</b>	<b>4,424,449</b>
<b>Net exposure</b>	<b>2,723,813</b>	<b>47,462,627</b>	<b>50,186,440</b>
<b>30 June 2014</b>			
<b>Assets</b>			
Cash and cash equivalents	4,394,144	–	4,394,144
Trade and other receivables	–	1,278,029	1,278,029
Financial assets at fair value through profit or loss	–	44,239,857	44,239,857
<b>Total assets</b>	<b>4,394,144</b>	<b>45,517,886</b>	<b>49,912,030</b>
<b>Liabilities</b>			
Trade and other payables	–	1,194,003	1,194,003
Financial liabilities at fair value through profit or loss	–	6,334,600	6,334,600
<b>Total liabilities</b>	<b>–</b>	<b>7,528,603</b>	<b>7,528,603</b>
<b>Net exposure</b>	<b>4,394,144</b>	<b>37,989,283</b>	<b>42,383,427</b>

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### ii) 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 interest rate risk is set out in the following table:

The following table demonstrates the sensitivity of the Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income to a reasonable change in interest rates, with all other variables constant. The 25 basis point sensitivity is based on the expected volatility of changes in the AUD cash interest rate over the coming year:

	Change in basis points increase/(decrease)	Impact on operating profit/ net assets attributable to shareholders (\$)
<b>30 June 2015</b>		
AUD interest rate	25bps/(25bps)	6,810/(6,810)
<b>30 June 2014</b>		
AUD interest rate	25bps/(25bps)	10,985/(10,985)

#### iii) Price Risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Price risk is managed by monitoring compliance with established investment mandate limits. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

As at 30 June a positive 10% sensitivity would have had an impact on the Company's Statement of Profit or Loss and Other Comprehensive Income and net assets attributable to shareholders as shown in the table below:

	Impact on operating profit/ net assets attributable to shareholders gross of tax	
	-10% \$	10% \$
<b>30 June 2015</b>	(4,997,236)	4,997,236
<b>30 June 2014</b>	(3,790,526)	3,790,526

#### iv) Other Price Risk

The Investment Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk is managed on a daily basis.

The Company's industry sector weighting of the gross assets as at the reporting date is as below:

	% of Portfolio	
Industry	30 June 2015	30 June 2014
Consumer Discretionary	31%	22%
Telecommunication Services	34%	29%
Financial Services and Insurance	0%	17%
Bulk Commodities	1%	5%
Transport	14%	12%
Metals and Mining	0%	2%
Real Estate	6%	0%
Other	14%	13%
	<b>100%</b>	<b>100%</b>

### c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's major cash payments are the purchases of securities and dividends paid to shareholders, the levels of which are managed by the Board and the Investment Manager.

The Company's cash receipts depend upon the levels of sales of securities, dividends and interest received.

The Investment Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount, the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradeable securities which (if liquidity is available) can be sold on the market if necessary.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from 30 June 2015 and 30 June 2014 to the contractual maturity date.

	30 June 2015			
	On demand \$	< 1 month	> 12 months \$	Total \$
Trade and other payables	–	4,424,449	–	4,424,449
<b>Total financial liabilities</b>	<b>–</b>	<b>4,424,449</b>	<b>–</b>	<b>4,424,449</b>

	30 June 2014			
	On demand \$	< 1 month	> 12 months \$	Total \$
Trade and other payables	–	1,194,003	–	1,194,003
Financial liabilities at fair value through profit or loss	–	6,334,600	–	6,334,600
<b>Total financial liabilities</b>	<b>–</b>	<b>7,528,603</b>	<b>–</b>	<b>7,528,603</b>

The amounts in the table are the contractual undiscounted cash flows. Balances equal their carrying balances, as the impact of discounting is not significant.

### d) Fair Value Hierarchy

AASB 7 ("Financial Instruments Disclosures") requires entities to provide disclosures in their financial report that enable users to evaluate the significance of financial instruments for the entity, and the nature and extent of risks arising from financial instruments which the entity is exposed to. Below is an analysis of the financial instruments of the Company.

#### Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, and quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

#### Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following table shows an analysis of financial instruments held at 30 June 2015, recorded at fair value and presented by level of the fair value hierarchy:

#### Financial Assets at Fair Value through Profit or Loss

	30 June 2015			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed equities	49,402,357	–	–	49,402,357
Convertible note	–	–	570,000	570,000
<b>Total financial assets designated at fair value through profit or loss</b>	<b>49,402,357</b>	<b>–</b>	<b>570,000</b>	<b>49,972,357</b>

	30 June 2014			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed equities	43,009,857	–	–	43,009,857
Convertible note	–	–	1,230,000	1,230,000
<b>Total financial assets designated at fair value through profit or loss</b>	<b>43,009,857</b>	<b>–</b>	<b>1,230,000</b>	<b>44,239,857</b>

#### Financial Liabilities at Fair Value through Profit or Loss

The Company did not have any financial liabilities designated at fair value through profit or loss as at 30 June 2015.

	30 June 2015			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities				
Listed equities – short sales	6,334,600	–	–	6,334,600
<b>Total financial liabilities designated at fair value through profit or loss</b>	<b>6,334,600</b>	<b>–</b>	<b>–</b>	<b>6,334,600</b>

There were no transfers between Levels 1, 2 and 3 during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### Valuation techniques used to derive Level 1, Level 2 and Level 3 fair values

##### Level 1

The fair value of financial instruments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 30 June 2015 the Company had \$49,402,357 (2014: \$43,009,857) financial assets held at fair value through profit or loss included in Level 1. As at 30 June 2015 the Company also had nil (2014: \$6,334,600) financial liabilities held at fair value through profit or loss included in Level 1.

##### Level 2

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. As at 30 June 2015 the Company had nil (2014: nil) financial instruments in Level 2.

#### d) Fair Value Hierarchy (continued)

##### *Level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. As at 30 June 2015 the Company had \$570,000 (2014: \$1,230,000) financial assets held at fair value through profit or loss included in Level 3.

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 is being measured using valuation techniques which include market data inputs that are not observable

##### *Valuation of Convertible Note as at 30 June 2015*

For the purposes of the Corporations Act and all other purposes, the Board resolved that the calculation of the fair value of the holding in the secured convertible note is as follows: No interest is accrued on the note. However, the note receives a redemption premium of 15% per annum on the amount owing under each note. A note has the option of being converted into ordinary shares prior to maturity at 20 cents per share, based on the value of the note, inclusive of any redemption premium. For the purposes of producing a monthly NTA and the preparation of statutory financial reports, the Board resolved to calculate the value of the note based on the total value of the redemption premium 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.

##### *Valuation of Convertible Note as at 30 June 2014*

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 market's assessment of the credit risk of the underlying Company. The higher the value of underlying ordinary shares the higher would be the fair value of the convertible note.

#### **Reconciliation of Level 3 fair values**

Financial assets measured using significant unobservable inputs (Level 3) are shown below:

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Opening balance	1,230,000	880,000
Purchase of investments	–	509,071
Unrealised losses on financial instruments held at fair value through profit or loss	(660,000)	(159,071)
Closing balance	570,000	1,230,000
Total losses for the year included in the Statement of Profit or Loss and Other Comprehensive Income at the end of the year	(1,130,000)	(470,000)

#### **e) Capital Management**

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in Notes 10 and 11 respectively. The Company is not subject to externally imposed capital requirements. The Company's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in the Company's prospectus;
- to achieve consistent returns while safeguarding capital by investing in a diversified portfolio, by using various investment strategies;
- to maintain sufficient liquidity to meet the ongoing expenses of the Company; and
- to maintain sufficient size to make the operation of the Company cost efficient.

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 18. EARNINGS PER SHARE

	Year ended 30 June 2015 cents	Year ended 30 June 2014 cents
Basic earnings per share	0.23	19.16
Diluted earnings per share	0.23	18.54
	Units	Units
Weighted average number of ordinary shares used in the calculation of basic earnings per share	40,938,455	25,333,604
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	40,938,455	26,182,736
Weighted average number of fully paid ordinary shares	40,938,455	25,333,604
Potential ordinary shares – Options <sup>1</sup>	–	849,132
Total weighted average number of ordinary shares used in the calculation of diluted earnings per share	40,938,455	26,182,736
	\$	\$
Net profit used in the calculation of basic earnings per share	92,984	4,854,854
Net profit used in the calculation of diluted basic earnings per share	92,984	4,854,854

1. The options are not considered to have a dilutive effect on the calculation of diluted earnings per share because the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.

### 19. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at 30 June 2015 (2014: \$ nil).

### 20. SUBSEQUENT EVENTS

On 24 July 2015, NCCOA options ceased trading on the Australian Stock Exchange. On 1 August 2015 all unexercised options expired.

On 18 August 2015, the Company declared a fully franked dividend of 3 cents per share.

Other than the matters described above, there has been no matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of NAOS Emerging Opportunities Company Limited, we declare that:

In the opinion of the Directors:

- the financial statements and notes are in accordance with the Corporations Act 2001 including compliance with Australian Accounting Standards and give a true and fair view of the financial position and performance of the Company for the financial year ended 30 June 2015;
- the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 (b) to the financial statements;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the Directors have received the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



Sebastian Evans  
26 August 2015

## ADDITIONAL INFORMATION

The additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in the report.

### **INVESTMENT PORTFOLIO**

As at 30 June 2015 the Company had the following investments:

#### **Investment**

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AMA Group Limited Ordinary Shares

Armidale Investment Corporation Limited Ordinary Shares

Attila Resource Limited Convertible Notes

Attila Resource Limited Ordinary Shares

BSA Limited Ordinary Shares

Clarius Group Limited Ordinary Shares

CML Group Limited Ordinary Shares

Enero Group Limited Ordinary Shares

Eureka Group Holdings Limited

iSelect Limited Ordinary Shares

Lindsay Australia Limited Ordinary Shares

My Net Fone Limited Ordinary Shares

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During the financial year ended 30 June 2015, the Company had 1,231 transactions in investment securities.

Total brokerage fees incurred during the year ended 30 June 2015 were \$208,505.

## ADDITIONAL INFORMATION

Continued

### 20 LARGEST SHAREHOLDERS

Details of the 20 largest ordinary shareholders and their respective holdings as at 31 July 2015.

Shareholders	Ordinary shares held	% of issued shares
HSBC Custody Nominees (Australia) Limited	3,135,520	6.683
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	2,600,000	5.542
Australian Executor Trustees Limited <No 1 Account>	2,007,277	4.278
RBC Investor Services Australia Nominees P/L <WAM Account>	1,697,460	3.618
Nivesa Pty Ltd <Warwick Evans Super Fund A/C>	1,513,419	3.226
Myall Resources Pty Ltd <Myall Unit A/C>	1,218,559	2.597
Patagorang Superannuation Pty Ltd <Roger Allen Super Fund A/C>	676,061	1.441
NAOS Asset Management Limited <NAOS Asset Management A/C>	542,954	1.157
Equitas Nominees Pty Limited <PB-600057 A/C>	538,782	1.148
Mr Mark John Bahen & Mrs Margaret Patricia Bahen <Superannuation Account>	527,719	1.125
IR and JB Investments Pty Ltd	496,449	1.058
Australian Executor Trustees Limited	481,169	1.026
A & J Purchase Pty Ltd	439,000	0.936
Woodduck Pty Ltd <Superannuation Fund A/C>	427,946	0.912
Burtoh Ventures Pty Ltd <BUR A/C>	400,300	0.853
Raystall Pty Ltd <Stallworthy Super Fund A/C>	400,000	0.853
Mr Donald Gordon Mackenzie & Mrs Gwenneth Edna Mackenzie	392,000	0.835
Finance Associates Pty Ltd <Super Fund A/C>	309,287	0.659
LIC Investments Pty Ltd <LIC Investments Unit A/C>	300,000	0.639
WWE Investments Pty Ltd	281,278	0.600
<b>Total</b>	<b>18,385,180</b>	<b>39.186</b>

### SUBSTANTIAL SHAREHOLDERS

Shareholders	Ordinary shares held	% of issued shares
HSBC Custody Nominees (Australia) Limited	3,135,520	6.683
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	2,600,000	5.542

## DISTRIBUTION OF ORDINARY SHARES

Analysis of ordinary shares by size of shareholders as at 31 July 2015.

Category	Number of shareholders	Ordinary shares held	% of issued shares
1-1,000	28	11,964	0.025
1,001-5,000	136	469,288	1.000
5,001-10,000	137	1,171,206	2.496
10,001-100,000	555	18,192,859	38.776
100,001 and over	72	27,072,980	57.702
Total	928	46,918,297	100

## VOTING RIGHTS

All shareholders registered on the Company's share register have 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).

## ASX LISTING

Quotation has been granted for all Ordinary Shares and Options of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

## BUY BACK

Currently there is no intention to buy back any of the shares of the Company.

## NON-MARKETABLE PARCELS

As at 31 July 2015, the Company had 770 non-marketable parcels of securities.

## UNQUOTED SECURITIES

There are currently no unquoted securities on issue by the Company.

## RESTRICTIONS ON SHARES

There are currently no restrictions attached to the shares of the Company.

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## **CORPORATE INFORMATION**

### **Directors**

David Rickards (*Independent Chairman*)

Warwick Evans (*Director*)

Sebastian Evans (*Director*)

### **Company Secretary**

Lawrence Adams

### **Registered Office**

Level 4, Domain House

139 Macquarie Street

Sydney NSW 2000

Telephone: (02) 8064 0568

Facsimile: (02) 8215 0037

### **Investment Manager**

NAOS Asset Management Limited

Level 4, Domain House

139 Macquarie Street

Sydney NSW 2000

*(Australian Financial Services*

*Licence Number: 273529)*

Telephone: (02) 8064 0568

Facsimile: (02) 8215 0037

### **Share Registry**

Boardroom Pty Limited

Level 12

225 George Street

Sydney NSW 2000

Telephone: 1300 737 760

Facsimile: 1300 653 459

### **Auditor**

Deloitte Touche Tohmatsu

Level 25, Grosvenor Place

225 George Street

Sydney NSW 2000

