



FUTURE GENERATION
INVESTMENT COMPANY

Future Generation Investment Company Limited

ABN 97 063 935 553

APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET *All comparisons to the year ended 30 June 2015*

	up/down	% mvmt	\$'000
Revenue from ordinary activities	up	20.3%	20,356
Profit from ordinary activities before tax attributable to members	up	18.2%	17,746
Net profit from ordinary activities after tax attributable to members	up	28.6%	14,624

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2016 Interim dividend cents per share	2.0c	2.0c	30%
2016 Final dividend cents per share	2.0c	2.0c	30%

Final Dividend Dates

Ex-dividend date	10 October 2016
Record date	11 October 2016
Last election date for the DRP	13 October 2016
Payment date	21 October 2016

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 2.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 2.5% discount to the price (calculated as the VWAP (volume weighted average price) of shares sold on the ASX (on an ex-dividend basis) four trading days from the ex-dividend date inclusive of the ex-dividend date).

Net Tangible Assets ('NTA')	30 Jun 16	30 Jun 15
NTA (per share) after tax	\$1.15	\$1.11

*The NTA figures are not adjusted for the 138,486,850 outstanding options on issue which have an exercise price of \$1.10.

This report is based on the Annual Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
Investment income from ordinary activities			
Interest income		735	986
Dividends and distributions received		15,376	14,050
Investment management and performance fee rebates	2	4,245	1,886
		20,356	16,922
Expenses			
Charity donation accrual	4	(2,291)	(1,644)
Share registry transaction costs		(157)	(73)
Investor communication fees		(43)	(2)
Audit fees		(36)	(39)
Executive remuneration		(28)	-
Insurance		(21)	(17)
Chess fees		(20)	(60)
Other expenses		(7)	(63)
Amortisation expense		(4)	(3)
Tax fees		(3)	-
Directors' fees		-	-
ASX listing fees		-	-
Share registry fees		-	-
Accounting fees		-	-
		(2,610)	(1,901)
Profit before income tax		17,746	15,021
Income tax expense	3	(3,122)	(3,649)
Net profit for the year		14,624	11,372
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains/(losses) on investments taken to equity, net of tax		4,711	(6,763)
Net realised losses on investments taken to equity, net of tax		-	(3)
Other comprehensive income/(loss) for the year, net of tax		4,711	(6,766)
Total comprehensive income for the year		19,335	4,606
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic earnings per share	13(a)	7.45	7.63
Diluted earnings per share	13(b)	7.35	7.63

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	25,565	23,340
Trade and other receivables	7	12,380	9,733
Other current assets		8	5
Total current assets		37,953	33,078
Non-current assets			
Financial assets at fair value through other comprehensive income	8	228,451	172,170
Deferred tax assets		2,305	4,417
Intangible assets		7	10
Total non-current assets		230,763	176,597
Total assets		268,716	209,675
LIABILITIES			
Current liabilities			
Trade and other payables	9	44	23
Charity donation accrual	4	2,291	1,644
Current tax liabilities		2,783	3,231
Total current liabilities		5,118	4,898
Non-current liabilities			
Deferred tax liabilities		56	153
Total non-current liabilities		56	153
Total liabilities		5,174	5,051
Net assets		263,542	204,624
EQUITY			
Issued capital	10(c)	248,036	200,248
Reserves	11(a)	19,287	4,376
Accumulated losses	11(b)	(3,781)	-
Total equity		263,542	204,624

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2014		3,528	(3,781)	3,551	3,298
Net profit for the year		-	-	11,372	11,372
Other comprehensive loss, net of tax		-	(6,766)	-	(6,766)
Transactions with owners:					
Contributions of equity, net of transaction costs and tax		198,809	-	-	198,809
Buy-back of ordinary shares		(2,089)	-	-	(2,089)
Transfer to profits reserve	11(a)	-	14,923	(14,923)	-
Balance at 30 June 2015		200,248	4,376	-	204,624
Net profit for the year		-	-	14,624	14,624
Other comprehensive income, net of tax		-	4,711	-	4,711
Transactions with owners:					
Contributions of equity, net of transaction costs and tax		47,788	-	-	47,788
Dividends paid	5(a)	-	(8,205)	-	(8,205)
Transfer of security-based payment reserve	11(b)	-	3,781	(3,781)	-
Transfer to profits reserve	11(a)	-	14,624	(14,624)	-
Balance at 30 June 2016		248,036	19,287	(3,781)	263,542

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Interest received		766	916
Other income received		375	262
Income taxes paid		(3,622)	(386)
Payments for other expenses		(1,938)	(501)
Net cash (used in)/provided by operating activities		(4,419)	291
Cash flows from investing activities			
Payments for financial assets		(32,925)	(191,800)
Payments for intangible assets		-	(14)
Proceeds from sale of financial assets		-	15,939
Net cash used in investing activities		(32,925)	(175,875)
Cash flows from financing activities			
Proceeds from issue of shares and options exercised		47,230	201,433
Payments for shares bought back		-	(2,089)
Share issue and buy-back transaction costs		(47)	(3,750)
Dividends paid to the Company's shareholders		(7,614)	-
Net cash provided by financing activities		39,569	195,594
Net increase in cash and cash equivalents		2,225	20,010
Cash and cash equivalents at the beginning of the year		23,340	3,330
Cash and cash equivalents at the end of the year	12	25,565	23,340
Non-cash transactions			
Shares issued via dividend reinvestment plan		591	-

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 Summary of significant accounting policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Future Generation Investment Company Limited ('the Company') is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs with the exception of financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

The accounting policies are consistent with those applied in the 30 June 2015 Annual Report.

2 Investment income from ordinary activities

The Company has invested in 19 unlisted unit trusts and where available, has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are: Bennelong Long Short Fund, Discovery Australian Small Companies Fund, Optimal Australia Absolute Trust and LHC Capital Australia High Conviction Fund.

The remaining investments are in unit classes that charge management and performance fees. These fund managers have rebated the fees charged. The aggregate management and performance fees rebated to the Company were \$4.24 million for the year ended 30 June 2016 (2015: \$1.89 million).

The total management and performance fees foregone by the unit trusts with a zero fee unit class for the financial year amounted to \$1.41 million.

The estimated value of the pro bono services provided to the Company for the financial year was \$630,240.

3 Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2016 \$'000	2015 \$'000
Prima facie tax on profit before income tax at 30% (2015: 30%)	5,324	4,506
Franking credits on dividends received	(2,151)	(779)
Imputation credit gross up	645	234
Other non-assessable income	(107)	(317)
(Over)/under provision in prior year	(589)	5
Income tax expense	3,122	3,649

The applicable weighted average effective tax rates are as follows: 17.59% 24.29%

The effective tax rate reflects the benefit to the Company of franking credits received on trust distribution income during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 Charity donation accrual

The Company has a commitment to accrue and pay a charity donation to support Australian charities with a focus on children and youth at risk. The charity donation commitment is calculated and accrued monthly and paid annually in arrears and is based on 1.0% of the Company's average monthly net tangible assets.

	2016 \$'000	2015 \$'000
Charity donation accrual	2,291	1,644

5 Dividends

a) Ordinary dividends paid during the year

Final dividend FY2015: 2.0 cents per share fully franked at 30% paid 23 October 2015
Interim dividend FY2016: 2.0 cents per share fully franked at 30% paid 29 April 2016

	2016 \$'000	2015 \$'000
Final dividend FY2015	3,692	
Interim dividend FY2016	4,513	-
Total	8,205	-

b) Dividends not recognised at year end

In addition to the above dividends, since the end of the year, the Directors declared a 2.0 cents per share fully franked dividend which has not been recognised as a liability at the end of the financial year.

	2016 \$'000	2015 \$'000
Dividends not recognised at year end	4,551	3,681

c) Dividend franking account

Opening balance of franking account
Franking credits on dividends received
Tax paid during the year
Franking credits on dividends paid

	2016 \$'000	2015 \$'000
Opening balance of franking account	1,680	538
Franking credits on dividends received	2,089	756
Tax paid during the year	3,627	386
Franking credits on dividends paid	(3,515)	-

Closing balance of franking account

Adjustments for tax payable in respect of the current year's profits, receipt of distributions and dividends declared

	2016 \$'000	2015 \$'000
Closing balance of franking account	3,881	1,680
Adjustments for tax payable in respect of the current year's profits, receipt of distributions and dividends declared	833	2,575

Adjusted franking account balance

	2016 \$'000	2015 \$'000
Adjusted franking account balance	4,714	4,255

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends paid after the end of the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2016 \$'000	2015 \$'000
Audit and other assurance services		
Review of financial statements - PricewaterhouseCoopers	-	17
Review of financial statements – Pitcher Partners	14	-
Audit of financial statements – Pitcher Partners	22	22
Total remuneration for audit and other assurance services	36	39

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk Committee reviews the scope of the audit and the proposed fee.

7 Trade and other receivables

	2016 \$'000	2015 \$'000
Dividends and distributions receivable	10,816	8,801
Interest receivable	45	76
GST receivable	9	2
Rebate income receivable	1,510	854
	12,380	9,733

Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

8 Financial assets at fair value through other comprehensive income

	2016 \$'000	2015 \$'000
Financial assets at fair value through other comprehensive income	228,451	172,170

9 Trade and other payables

	2016 \$'000	2015 \$'000
Other payables	44	23

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10 Issued capital

(a) Paid-up capital

	2016 \$'000	2015 \$'000
227,534,045 ordinary shares fully paid (2015: 184,047,404)	248,036	200,248

(b) Other equity securities

	2016 Number '000	2015 Number '000
Options outstanding	138,487	181,424

(c) Movements in ordinary share capital

	2016 \$'000	2015 \$'000
Balance at the beginning of the year	200,248	3,528
Issue of shares - Wilson Foundation Pty Limited	-	1,000
Share buyback - off market	-	(2,089)
Issue of shares	-	200,000
393,995 ordinary shares issued from the exercise of options	-	434
42,937,337 ordinary shares issued from the exercise of options	47,230	-
236,065 ordinary shares issued on 23 October 2015 under a Dividend Reinvestment Plan	252	-
313,239 ordinary shares issued on 29 April 2016 under a Dividend Reinvestment Plan	339	-
Cost of raising capital, net of tax	(33)	(2,625)
At reporting date	248,036	200,248

(d) Movements in other equity securities

	2016 Number '000
Balance at the beginning of the year	181,424
Options exercised	(42,937)
At reporting date	138,487

(e) Options

The options issued on 8 September 2014 as a result of the capital raising via the prospectus dated 7 July 2014, are exercisable at \$1.10 each and can be exercised at anytime on or before 16 September 2016. These options trade on the ASX under the code FGXO.

As at June 2016, 43,331,332 options had been exercised for a total consideration of \$47,664,465, with the remaining balance of outstanding options being 138,486,850.

(f) Placement capacity

During the Annual General Meeting on 28 November 2014, shareholders approved an additional 10% placement capacity.

(g) Capital management

The Board's policy is to maintain an appropriate level of liquidity in the Company's shares. To achieve this, the Board of Directors monitor the monthly Net Tangible Asset ('NTA') results and investment portfolio performance. The Company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares. The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

11 Reserves and accumulated losses

(a) Reserves

	2016 \$'000	2015 \$'000
Investment portfolio revaluation reserve	(2,052)	(6,763)
Investment portfolio realised losses reserve	(3)	(3)
Profits reserve	21,342	14,923
Security based-payment reserve	-	(3,781)
At reporting date	19,287	4,376

Movements:

Investment portfolio revaluation reserve

	2016 \$'000	2015 \$'000
Opening balance	(6,763)	-
Net unrealised – net of tax	4,711	(6,763)
At reporting date	(2,052)	(6,763)

Investment portfolio realised gains/(losses) reserve

	2016 \$'000	2015 \$'000
Opening balance	(3)	-
Net realised losses on investments	-	(4)
Income tax on net realised losses on investments	-	1
At reporting date	(3)	(3)

Profits reserve

	2016 \$'000	2015 \$'000
Opening balance	14,923	-
Transfer from retained earnings	14,624	14,923
Interim dividend paid (refer Note 5a)	(4,513)	-
Final dividend paid (refer Note 5a)	(3,692)	-
At reporting date	21,342	14,923

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2016 \$'000	2015 \$'000
Opening balance	-	3,551
Net profit for the year	14,624	11,372
Transfer to profits reserve	(14,624)	(14,923)
Transfer of security-based payment reserve	(3,781)	-
At reporting date	(3,781)	-

12 Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2016 \$'000	2015 \$'000
Cash at bank	8,222	280
Term deposits	17,343	23,060
At reporting date	25,565	23,340

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12 Cash and cash equivalents (continued)

(i) Classification as cash equivalents

The term deposits have a maturity of three months or less.

(ii) Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

The term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard & Poor's A-A+ rating.

13 Earnings per share

	2016 \$'000	2015 \$'000
Profit after income tax used in the calculation of basic and diluted earnings per share	14,624	11,372

a) Basic earnings per share

	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders of the Company	7.45	7.63

b) Diluted earnings per share

	Cents	Cents
Diluted earnings per share attributable to the ordinary equity holders of the Company	7.35	7.63

Options outstanding are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive in nature and amount.

As the average share price of the Company exceeded the exercise price of the options outstanding, they are considered dilutive and have therefore been considered for the diluted earnings per share calculation.

c) Weighted average number of shares used as denominator

	Number '000	Number '000
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share.	196,376	149,076
Weighted average number of dilutive options outstanding	2,689	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share.	199,065	149,076

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

14 Segment information

The Company has only one reportable segment as at 30 June 2016. As at 30 June 2016, the Company's reportable operating segment was investments in unlisted unit trusts and cash and/or cash equivalents.

15 Contingencies

The Company had no contingent liabilities at 30 June 2016 (2015: nil).

16 Commitments

The Company has committed to accrue and pay a charity donation to support Australian charities with a focus on children and youth at risk. The charity donation commitment is calculated and accrued monthly and paid annually in arrears and is based on 1.0% of the Company's average monthly net tangible assets. The current year commitment was \$2,291,392 (2015: \$1,644,015).

17 Events occurring after the reporting period

Since year end, the Board declared a final dividend of 2.0 cents per share fully franked to be paid on 21 October 2016.

No other matters or circumstances has occurred subsequent to year end 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 subsequent financial years.