

**Appendix 4E (ASX Listing Rule 4.3A)**  
**PRELIMINARY FINAL REPORT**  
**Year ended 30 June 2014**  
(previous corresponding period: 30 June 2013)

<b>AUSTRALASIAN WEALTH INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES</b>	<b>ABN 62 111 772 359</b>
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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

This Appendix 4E should be read in conjunction with Australasian Wealth Investments Limited audited Directors' report and financial report for the year ended 30 June 2014 lodged with the Australian Stock Exchange on 20 August 2014.

<b>Results in accordance with Australian Accounting Standards</b>	<b>Current period \$'000</b>	<b>Previous corresponding period \$'000</b>	<b>Movement \$'000</b>	<b>Movement %</b>
Revenue from ordinary activities	<b>(4,398)</b>	(6,237)	1,839	29.5
Loss from ordinary activities after tax for the period attributable to members	<b>(6,724)</b>	(7,005)	281	4.0
Loss for the period attributable to members	<b>(6,724)</b>	(7,005)	281	4.0

**DIVIDEND INFORMATION**

It is not proposed to pay a final dividend for the year ended 30 June 2014. No interim dividend was paid for the half-year ended 31 December 2013.

**NET TANGIBLE ASSET BACKING PER ORDINARY SHARE**

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary share	33.4 cents	48.3 cents

**SUPPLEMENTARY COMMENTS**

Additional Appendix 4E disclosures and other significant information may be found in Australasian Wealth Investments Limited audited Directors' report and audited financial report for the year ended 30 June 2014 lodged with this document.

**INDEPENDENT AUDITOR'S REPORT**

The Directors' report and the financial report for Australasian Wealth Investments Limited for the year ended 30 June 2014 have been audited by the Company's independent external auditor, Ernst & Young. A copy of the independent auditor's report may be found at pages 36 and 37 of that Directors' report and financial report.

**Australasian Wealth Investments Limited**  
**ABN 62 111 772 359**

**Directors' Report and Audited  
Financial Report**

**for the year ended 30 June 2014**

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## Directors' Report

The Directors present their report on the Company for the financial year ended 30 June 2014.

### Directors

The names and details of the Directors of the Company who held office during the year and at the date of this report (unless otherwise specified) are:

**Andrew Brown (Appointed 22 December 2005, resigned 31 October 2013)**

Bachelor of Arts (Economics) Honours  
Age 55

Andrew Brown has 34 years of experience in the Australian equity market as a stockbroker, corporate investor and funds manager. Andrew has an honours degree majoring in economics and econometrics from the University of Manchester, England, and completed the National Association of Securities Dealers (USA) Series 7 Examination (1983).

Andrew became a Director of the Company in December 2005, was a Non-Executive Director and member of the Audit Committee.

**John Reynolds (Appointed 30 June 2008)**

*Independent Non-Executive Director*  
FFin  
Age 46

John Reynolds is a senior client advisor with Bell Potter Securities. Bell Potter is one of the largest retail brokers in Australia with close to 300 securities advisors. John has over 20 years' experience in the securities industry. He has worked for the last 10 years at Bell Potter having previous experience at the securities firms JB Were, Credit Suisse and Challenger. He is an accredited securities dealer in Australian and International equities, derivatives and numerous equity and non-equity related products.

John has completed a Diploma in Applied Finance and Investment through FINSIA, specialising in portfolio construction and portfolio management. The majority of his advisory work is focused on the Top 50 stocks listed on the ASX. John is also a regular contributor to CNBC and Boardroom Radio.

John became a director of the company on 30 June 2008.

**Andrew Barnes (Appointed 28 March 2013, appointed Chairman 31 October 2013)**

*Non-Executive Chairman*  
MA Cambridge  
Age 54

Andrew Barnes has been CEO and founder of a number of financial services businesses in the UK, including the Skipton Group, a leading estate planning network, and Bestinvest Ltd, a direct to consumer financial advisory business. Prior to this, he was managing director of Australian Wealth Management, a leading financial planning, trustee and wealth management business in Australia, before it was acquired by IOOF Ltd.

**Alastair Davidson (Appointed 28 March 2013, resigned 1 March 2014)**

*Executive Director*  
BSc Econ, CA  
Age 56

Alastair Davidson is a founding director of Aurora Funds Management Limited, and was on the board from July 2003 to February 2014. Prior to that, he was GM Investment Banking at Challenger International and has worked in broking and investment banking at Citigroup and County Natwest in Australia, and for Barings Securities and Morgan Stanley in London and New York. He is also chairman of Biotech Capital Ltd, and treasurer of the Centenary Institute of Medical Research.



## Directors' Report (continued)

### Michael Shepherd (*Appointed 1 March 2014*)

*Lead Independent Non-Executive Director*  
Age 64

Michael Shepherd has had a successful career in stockbroking over more than 30 years. He was a director of ASX Limited and group between 1988 and 2007, including a term as Vice-Chairman between 1993 and 2007. Mr Shepherd was also Chairman of the ASX Derivatives Board and Chairman of the ASX Market Rules Committee.

Michael Shepherd is currently Chairman of HFA Holdings Limited and a member of the Member Responsible Entity Compliance Committee of UBS Global Asset Management (Australia) Limited. He is also a Senior Fellow and Life Member, Financial Services Institute of Australasia, after being a director of that body between 2001 and 2009, including 2 years as National President.

### John O'Connell (*Appointed 1 July 2014*)

*Independent Non-Executive Director*  
B.D. SC (QLD), B.COM (QLD), Graduate Diploma in Applied Finance & Investments, SIA (now FINSIA)  
Age 50

John is Global Head of Research for Macquarie Securities Group. John has been with Macquarie since 1998 and over this time has held various senior management positions both in Australia and the United States. John has a deep knowledge of investment technology and global change as it applies to the financial services sector. John is ideally placed to guide on key industry trends in the institutional investment world that can be customized for a direct to consumer business model.

### Ben Heap (*Appointed 29 November 2013*)

*Managing Director*  
BA (Hons); LLB (Hons)  
Age 44

Ben has extensive financial services and digital experience in Australia and the US. He was previously Head of UBS Asset Management in Australia & New Zealand and prior to that Head of Infrastructure and Private Equity for UBS Global Asset Management in the Americas. During his tenure at UBS, he was a Director of the Financial Services Council ("FSC") and the UBS Foundation.

All of the Directors have been in office from the commencement of the 2014 financial year until the date of this report unless otherwise stated.

## Company Secretary

Peter Friend was appointed Company Secretary on 10 February 2014 and held office until the end of the financial year. Richard Matthews resigned as Company Secretary on 23 January 2014.

## Interests in the Securities of the Company

The relevant interests of each Director in the securities of the Company shown in the Register of Directors' Shareholdings as at the date of this report are:

Director	Ordinary Shares	Options
Andrew Barnes (Chairman)	6,987,907	3,370,000
Ben Heap	10,669,384	-
John Reynolds	295,576	-
Michael Shepherd	100,000	-
John O'Connell	5,049,738	-

Directors are not required under the Company's constitution to hold any Shares, Options or any other Securities in the Company. A portion of the shares (10,569,384) held by Ben Heap are subject to vesting conditions. The options held by Andrew Barnes are subject to vesting conditions.

## Interests in Contracts or Proposed Contracts with the Company

None of the Directors have interest in, or proposed interests in, contracts with the Company.

## Directors' Report (continued)

### Principal Activities

The principal activities of the Company during the year included investments in unlisted securities in the financial services sector. There were no changes in the nature of the Company's principal activity during the financial year.

### Dividends

No dividend has been declared for the financial year ended 30 June 2014 (2013: nil).

### Review of operations

#### Financial results for the year

	2014 \$	2013 \$
Operating (Loss) before income tax benefit	(6,724,534)	(6,763,606)
Income tax expense	-	(241,910)
Operating (Loss) for the year	(6,724,534)	(7,005,516)

The net tangible asset backing of the Company as at 30 June 2014 was \$0.3342 (2013: \$0.4832) per share before tax. The loss was largely attributable to a write down in the valuation of the van Eyk Group investment of \$5,824,584 at 31 December 2013, based on the last transaction in the shares of van Eyk. During the year the Company raised capital from shareholders to acquire InvestSMART, Yourshare and Intelligent Investor.

#### Strategy and Future Outlook

The Company is invested in a portfolio of unlisted companies, with a focus on the financial services sector and this is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Company will continue to pursue its financial objectives which are to increase the profitability of the Company over time by increasing the value and performance of its investment portfolio.

### Significant Changes in State of Affairs

On 15 December 2013, the Company terminated the investment management contract with Aurora Funds Management Ltd, who in turn terminated the appointment of Andrew Barnes as sub-manager. During the financial year, the Company disposed of all of its investments in listed securities. Andrew Barnes replaced Andrew Brown as Chairman on 31 October 2013.

The Company acquired 100% of the shares in the InvestSMART group on 30 September 2013, the Yourshare group on 13 December 2013 and the Intelligent Investor group on 30 June 2014. The Company also founded AWI Ventures Limited with a \$1 million investment on 1 March 2014.

On 9 January 2014, Pyne Gold Corporation, a NZX listed company, converted its convertible note in van Eyk Research Pty Ltd into 6,222,222 shares at a conversion price of 90c per share. The Company has decided to value its investment in van Eyk Research Pty Ltd at the same value. This resulted in a write down in fair value of \$5,825,584 on this investment.

During the year, the Company raised an additional \$31.3 million of equity capital (\$29.9 million net of capital raising costs), through the issue of 82.4 million ordinary shares, as follows:

1. The Company raised \$10,010,000 through a share placement of 28,600,000 shares to sophisticated investors on 25 September 2013
2. The Company raised \$14,086,375 through a 2 for 3 rights issue of 38,018,235 shares on 4 November 2013
3. The Company raised \$7,250,000 through a share placement of 15,760,870 ordinary shares to sophisticated investors on 20 December 2013

The Company lent \$5,073,304 to the Managing Director to acquire 10,569,384 ordinary shares on 3 December 2013 (the grant date) as part of the Long Term Incentive Plan, subject to vesting terms, as approved by shareholders at the Annual General Meeting in October 2013. These shares have not vested and therefore have not been included in share capital. The



## **Directors' Report (continued)**

shares will vest in three equal tranches on the later of the first, second and third anniversary of the grant date, and the share price reaching \$0.64, \$0.80 or \$0.96 respectively for each tranche. The Company estimates the fair value of this director/employee share benefit is \$1,312,012 at the grant date.

On 17 December (the grant date), the Company issued 1,685,000 options with an exercise price of \$0.45 and a maturity date of 30 November 2017 and 1,685,000 options with an exercise price of \$0.60 and a maturity date of 30 November 2018 to the Chairman, as part of the consideration for the repurchase of the investment management contract as approved by shareholders at the Annual General Meeting in October 2013. These options are subject to vesting conditions, namely the share price being above \$0.60 on 30 November 2015 for the first tranche, and above \$0.70 on 30 November 2016 for the second tranche. The Company estimates the fair value of this director/employee share benefit is \$137,917 at the grant date.

Other than what has been disclosed above, there have been no other significant changes in the state of affairs of the Company for the year ended 30 June 2014.

### **Earnings per Share**

Basic and diluted earnings were (8.07) cents per share and (7.36) cents per share respectively, (2013: (24.57) cents per share basic and diluted).

### **Environmental Regulation**

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

### **Future Developments**

The Company will continue to pursue its investment objectives for the long term benefit of the members. This will require continual review of the investment strategies that are currently in place and may require changes to these strategies to maximise returns.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

### **Events Subsequent to Balance Date**

Since 30 June 2014, van Eyk Research Pty Limited has notified its shareholders that applications and redemptions on four van Eyk Blueprint funds have been temporarily suspended, which may result in a diminution of shareholder value. AWI is monitoring developments in relation to this situation and the impact it may have on the value of AWI's investment in van Eyk Research Pty Limited.

### **Meetings of Directors**

The number of Directors' Meetings (including Meetings of committees of Directors) and number of Meetings attended by each of the Directors of the Company during the 2014 financial year were:

<b>Directors' Meetings</b>		
	<b>Meetings eligible to attend</b>	<b>Meetings attended</b>
Andrew Barnes (Chairman)	8	8
Andrew Brown (resigned)	2	2
Alastair Davidson (resigned)	4	3
John Reynolds	8	8
Ben Heap	5	5
Michael Shepherd	4	3

The number of Directors' Meetings has been adjusted for each member to reflect the number of Meetings held during their tenure.

## Directors' Report (continued)

### Remuneration Report (Audited)

The Company's policy is to offer a sufficient level of remuneration to attract employees (and Directors) who are financially literate and knowledgeable of investment management best practice.

As the Company has a Long Term Incentive Plan (LTIP) in place with the Managing Director, the Company has effectively linked performance with compensation in relation to the management of the Company's assets.

All Directors must have a deep understanding and commitment to good corporate governance. The primary role of the Non-executive Directors is to ensure adherence to good governance and oversight of the Managing Director.

Under the Company's constitution, each Director (other than a Managing Director or an Executive Director) may be paid out remuneration for ordinary services performed as a Director. Salary or fees are the only form of compensation. No option or bonus plans are in place.

Under ASX Listing Rules, the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

The Directors will be entitled to receive the following benefits:

- (a) the maximum total remuneration of the Directors of the Company (excluding the Managing Director) has been set at \$135,000 per annum to be divided amongst them in such proportions as they agree. The Board is not required to allocate the entire amount.
- (b) Andrew Barnes had been granted a sub-management agreement by the Manager (Aurora Funds Management Limited), which terminated on 15 December 2013. Andrew Barnes received a management fee to that date for managing the Portfolio.

Additional information on the remuneration of executive directors and key management personnel is given in Note 12 of the Financial Statements.

The Directors' remuneration for the year ended 30 June 2014 is detailed in the following table. There was no accrued long service leave for any director at 30 June 2014.

Name of Director	Base fee \$	Superannuation \$	Accrued Annual Leave	Total \$
Andrew Brown (resigned 31 October 2013)	13,333	-	-	13,333
Andrew Barnes	27,083	-	-	27,083
Alastair Davidson (resigned 1 March 2014)	10,000	-	-	10,000
John Reynolds	30,000	2,775	-	32,775
Ben Heap	262,500	14,583	2,976	280,059
Michael Shepherd	15,000	1,387	-	16,387
<b>TOTAL</b>	<b>357,916</b>	<b>18,745</b>	<b>2,976</b>	<b>379,637</b>

The Directors' remuneration for the year ended 30 June 2013 is detailed in the following table. There was no accrued annual leave or long service leave for any director at 30 June 2013.

Name of Director	Base fee \$	Superannuation \$	Total \$
Andrew Brown (Chairman)	41,800	-	41,800
John Reynolds	30,000	2,700	32,700
Andrew Barnes	-	-	-
Alastair Davidson	5,000	-	5,000
<b>TOTAL</b>	<b>76,800</b>	<b>2,700</b>	<b>79,500</b>

No Director of the Company has received or become entitled to receive a benefit, other than a remuneration benefit as disclosed in the notes to the financial statements, by reason of a contract made by the Company or a related entity with the Director or with a firm of which they are a member, or with a Company in which they have a substantial interest.



## Directors' Report (continued)

The Company lent \$5,073,304 to the Managing Director to acquire 10,569,384 ordinary shares on 3 December 2013 (the grant date) as part of the Long Term Incentive Plan, subject to vesting terms, as approved by shareholders at the Annual General Meeting in October 2013. These shares have not vested and therefore have not been included in share capital. The shares will vest in three equal tranches on the later of the first, second and third anniversary of the grant date, and the share price reaching \$0.64, \$0.80 or \$0.96 respectively for each tranche. The Company estimates the fair value of this director/employee share benefit is \$1,312,012 at the grant date.

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### Shareholdings of key management personnel and their related entities

#### For the year ended 30 June 2014

Ordinary Shares	Balance at 1 July 2013	Shares held on appointment	Shares acquired / (disposed)	Shares issued upon option exercise	Balance at 30 June 2014
Andrew Barnes	5,672,744	-	1,315,163	-	6,987,907
Peter Friend (appointed 10 February 2014)	-	-	-	-	-
Alastair Davidson (resigned 1 March 2014)	-	-	327,674	-	327,674
Ben Heap (appointed 29 November 2013)	-	10,569,384	100,000	-	10,669,384
	5,672,744	10,569,384	1,742,837	-	17,984,965

#### For the year ended 30 June 2013

Ordinary Shares	Balance at 1 July 2012	Shares held on appointment	Shares acquired / (disposed)	Shares issued upon option exercise	Balance at 30 June 2013
Andrew Brown	660,770	-	(90,000)	-	570,770
John Reynolds	40,000	-	-	-	40,000
Andrew Barnes	-	5,672,744	-	-	5,672,744
Alastair Davidson	-	-	-	-	-
Adrian Redlich (resigned 28 March 2013)	5,904,292	-	(5,641,744)	-	262,548
	6,605,062	5,672,744	(5,731,744)	-	6,546,062

Key management personnel transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary members.

This concludes the Remuneration Report which has been audited.

### Insurance of Directors

During the financial year, the Company has given indemnity and paid insurance premiums to insure Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company. During the year, premiums were paid in respect of the key management personnel liability and legal expenses insurance contract. Details of the nature of the liabilities covered and the amount of premiums paid have not been disclosed as disclosure is prohibited under the terms of the contract.

### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.



## Directors' Report (continued)

### Proceedings on behalf of the Company

There are no legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

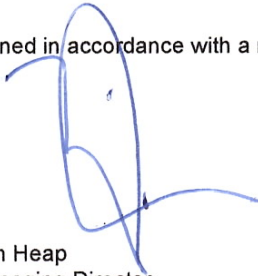
### Non-Audit Services

No non-audit services have been provided by the Auditor or by another person on the Auditor's behalf during the year. This statement has been made in accordance with advice provided by the Company's audit committee and has been endorsed by a resolution of that committee.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 10.

Signed in accordance with a resolution of the Board of Directors.



Ben Heap  
Managing Director  
Dated this 20th day of August 2014 at Sydney



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Sydney NSW 2000 Australia  
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## Auditor's Independence Declaration to the Directors of Australasian Wealth Investments Limited

In relation to our audit of the financial report of Australasian Wealth Investments Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Jonathan Pye  
Partner  
20 August 2014

**Australasian Wealth Investments Limited**  
**ABN 62 111 772 359**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2014**

**Statement of Comprehensive Income**

	Notes	2014 \$	2013 \$
<b>Continuing operations</b>			
Dividend income from subsidiaries	3	1,650,000	-
Interest income from financial assets	3	126,845	309,504
Change in fair value of financial assets at fair value through profit and loss		(6,174,617)	(6,569,635)
Other		-	23,337
<b>Total Income</b>		<b>(4,397,772)</b>	<b>(6,236,794)</b>
Accounting and administrative costs		(65,711)	(56,210)
Management fees		(109,458)	(201,310)
Termination of investment management contract		(900,000)	-
Audit fees	11	(41,873)	(48,019)
Employee costs		(459,026)	-
Directors' fees		(92,330)	(79,500)
Employee benefit expense	4	(98,789)	-
Travel and accommodation		(86,058)	-
Professional fees - Independent Expert		(29,545)	-
Rent		(35,320)	-
Other expenses		(408,652)	(141,773)
<b>Total expenses</b>		<b>(2,326,762)</b>	<b>(526,812)</b>
<b>Loss before income tax</b>		<b>(6,724,534)</b>	<b>(6,763,606)</b>
Income tax benefit / (expense)	6	-	(241,910)
<b>Loss for the year</b>		<b>(6,724,534)</b>	<b>(7,005,516)</b>
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(6,724,534)</b>	<b>(7,005,516)</b>
Basic earnings per share (cents per share)	16	(8.07) cents	(24.57) cents
Diluted earnings per share (cents per share)		(7.36) cents	(24.57) cents

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Australasian Wealth Investments Limited**  
**ABN 62 111 772 359**  
**Statement of Financial Position**  
**As at 30 June 2014**

**Statement of Financial Position**

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
Cash and cash equivalents	15(b)	3,383,947	2,875,399
Trade and other receivables	5	1,348,096	3,126,124
Prepayments		7,541	10,670
Rental deposit		67,821	-
Financial assets at fair value through profit and loss	7	34,795,273	7,833,442
		<hr/>	<hr/>
<b>Total assets</b>		<b>39,602,678</b>	<b>13,845,635</b>
<b>LIABILITIES</b>			
Sundry payables		176,482	73,665
Trade payables	8	2,375,168	-
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>2,551,650</b>	<b>73,665</b>
<b>Net assets</b>		<b>37,051,028</b>	<b>13,771,970</b>
<b>Equity</b>			
Issued capital	9	58,522,440	28,617,637
Employee Benefit reserve	4	98,789	-
Retained earnings	10	(21,570,201)	(14,845,667)
		<hr/>	<hr/>
<b>Total equity</b>		<b>37,051,028</b>	<b>13,771,970</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Australasian Wealth Investments Limited**  
**ABN 62 111 772 359**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2014**

**Statement of Changes in Equity**

	Issued Capital \$	Retained earnings \$	Employee Benefit Reserve \$	Total Equity \$
<b>Balance as at 1 July 2012</b>	<b>28,629,952</b>	<b>(7,840,151)</b>	-	<b>20,789,801</b>
Comprehensive loss for the year	-	(7,005,516)	-	(7,005,516)
Shares bought back	(12,315)	-	-	(12,315)
<b>Balance as at 30 June 2013</b>	<b>28,617,637</b>	<b>(14,845,667)</b>	-	<b>13,771,970</b>
 <b>Balance as at 1 July 2013</b>	 <b>28,617,637</b>	 <b>(14,845,667)</b>	 -	 <b>13,771,970</b>
Comprehensive loss for the year	-	(6,724,534)	-	(6,724,534)
Shares issued	31,346,376	-	-	31,346,376
Capital raising costs	(1,441,573)	-	-	(1,441,573)
Employee benefit share reserve	-	-	98,789	98,789
<b>Balance as at 30 June 2014</b>	<b>58,522,440</b>	<b>(21,570,201)</b>	<b>98,789</b>	<b>37,051,028</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



**Australasian Wealth Investments Limited**  
**ABN 62 111 772 359**  
**Statement of Cash Flows**  
**For the year ended 30 June 2014**

**Statement of Cash Flows**

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Interest received		126,845	309,504
Dividends received		350,000	-
Other income received		-	23,337
Employee costs		(437,255)	-
Investment manager's fees paid		(1,025,152)	(209,148)
Other expenses paid		(698,430)	(339,421)
<b>Net cash (used in)/provided by operating activities</b>	15(a)	<u>(1,683,992)</u>	<u>(215,728)</u>
<b>Cash flows from investing activities</b>			
Repayments of loans		-	7,375,965
Proceeds from sale of investments		3,943,477	5,526,045
Rental deposit		(67,820)	-
Purchase of investments		(31,587,922)	(9,608,162)
<b>Net cash provided by/(used in) investing activities</b>		<u>(27,712,265)</u>	<u>3,293,848</u>
<b>Cash flows from financing activities</b>			
Issue of shares ( net of capital raising costs)		29,904,805	-
On market buyback of shares		-	(12,315)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>29,904,805</u>	<u>(12,315)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		508,548	3,065,805
Cash and cash equivalents at beginning of the year		<u>2,875,399</u>	<u>(190,406)</u>
<b>Cash and cash equivalents at the end of the year</b>	15(b)	<u>3,383,947</u>	<u>2,875,399</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **1. Reporting Entity**

Australasian Wealth Investments Limited is a company domiciled in Australia. The financial statements of Australasian Wealth Investments Limited are for the year ended 30 June 2014. The Company is a profit-making entity and is primarily involved in making investments and deriving revenue and investment income from unlisted securities in Australia.

## **2. Summary of significant accounting policies**

### **(a) Basis of Preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial report covers Australasian Wealth Investments Limited which is a listed public company, incorporated and domiciled in Australia. The financial report has been prepared on an accruals basis, and is based on historical cost, with the exception of valuation of investments as described in Note 2 below.

The financial statements were authorised for issue by the board of directors on 20th August 2014.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **Adoption of New and Revised Accounting Standards**

The Company has adopted all of the new and revised standards and interpretations issued by Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised standard and interpretations did not have a material impact on the financial statements of the Company.

### **New or revised Standards and Interpretations that are first effective in the current reporting period**

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 10 'Consolidated Financial Statements', AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities", and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards;
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011);
- AASB 13 'Fair Value Measurement'

### **Impact of the application of AASB 10**

The Company has early adopted the amendments to AASB 10 for "investment entities" to reach the conclusion to not consolidate investee companies under AASB 10. No differences were found and therefore no adjustments to any of the carrying amounts in the interim financial statements are required as a result of the adoption of AASB 10 investment entities exemptions.

The management believes that the Company meets the definition of an investment entity, based on the following:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the Company ; and
- it has ownership interests in the form of equity or similar interests.



## **2. Summary of Significant accounting policies (continued)**

In addition, the Company has committed to shareholders its intention to provide dividend income and capital gains from its investments, and will measure the performance of its investments on a fair value basis. The Company has internal management reporting on a fair value basis, and the exit strategies for all investments are assessed initially at time of acquisition in the investment paper submitted to the Board. At the fair value reviews conducted twice a year, the potential exit strategies are updated.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Company's investees held during the period or comparative periods covered by these financial statements.

### **Impact of the application of AASB 119**

The revised standard AASB 119 has also changed the accounting for the Company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changed the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change was nil since the Company has not had employees until 1 December 2013.

### **Impact of the application of AASB 13**

AASB 13 establishes a single source of guidance under Australian Accounting Standards for all fair value measurements and does not change when the Company is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. As a result of the guidance in AASB 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. AASB 13 also requires additional disclosures.

Application of AASB 13 has not materially impacted the fair value measurements of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

### **Compliance with IFRS**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board, and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments, which are included below.

### **Investments at Fair Value**

The Company's investments are all measured at fair value through profit or loss in accordance with AASB 9: Financial Instruments. The fair values of the Company's listed investments are determined from the amount quoted on the primary exchange of the country of domicile. If listed investment is measured at fair value and has a bid price and an ask price, fair value is based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The fair value of the Company's unlisted investments at fair value is determined primarily using discounted cash flow valuation techniques. In the absence of sufficient information to perform a discounted cash flow analysis other valuation techniques may be used, including consideration of the instruments cost price, the price at which any recent transaction in the security may have been effected, the liquidity of the security, the size of the holding having regard to the total amount of such security on issue, the strategic nature of the holding and the geographic or sector to which the security provides exposure. Changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

Transaction costs directly attributable to the acquisition of the investments are expensed in the Statement of Comprehensive Income as incurred.

## 2. Summary of significant accounting policies (continued)

### **Impairment of financial assets**

The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'impairment expense'.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced. If a previous write-off is later recovered, the recovery is credited to the 'impairment expense'.

Interest revenue on an impaired financial asset is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of Financial Position.

### **Foreign Currency Translation**

The functional and presentation currency of the Company as determined in accordance with AASB 121: The Effects of Changes in Foreign Exchange Rates is the Australian dollar.

Transactions denominated in foreign currencies are translated into Australian currency at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate ruling at the Statement of Financial Position date.

Foreign currency exchange differences arising on translations, and realised gains and losses on disposal or settlements of monetary assets and liabilities, are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in the foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the Statement of Comprehensive Income.

### **Investment Income**

#### ***Dividend income***

Dividend income is recognised on the applicable ex-dividend date.

#### ***Net changes in fair value of investments***

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Comprehensive Income.



## **2. Summary of significant accounting policies (continued)**

### **Share-based Payments to Employees and Directors**

Employees (including executive directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

### **Income Tax**

The Company is part of a tax group. The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit and loss.

No deferred income tax is 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 and 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised only to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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) a legally enforceable right of set-off exists; (b) 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 assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### **Revenue Recognition**

#### ***Dividend income***

Dividends and distributions are recognised on the applicable ex-dividend date.

#### ***Interest income***

Interest Income is recognised as it accrues, taking into account the effective yield on the financial asset.

#### ***Other income***

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.



## 2. Summary of significant accounting policies (continued)

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with bank, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

For the purposes of the Statement of Cash Flows, cash includes deposits held at call with financial institutions net of bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except the GST component of investing and financing activities, which are disclosed as operating cash flows.

### Earnings per share

Basic and diluted earnings per share including realised profits and losses on the investment portfolio are calculated by dividing profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### New standards and interpretations adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have been adopted by the Company in the presentation of this financial report. The following standards, amendments to standards and interpretations have been identified as those which apply to the Company in the period of initial application:

#### (i) AASB 10: *Consolidated Financial Statements*

AASB 10 established a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation- Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to other standards via AASB 2011-7.

AASB 10 is applicable to annual reporting periods beginning on or after 1 January 2013. These changes are not likely to have a material impact on the Company's financial statement. The Company has early adopted the amendments to AASB 10 for "investment entities" to reach the conclusion to not consolidate investee companies under AASB 10. No differences were found and therefore no adjustments to any of the carrying amounts in the interim financial statements are required as a result of the adoption of AASB 10 investment entities exemptions.

## **2. Summary of significant accounting policies (continued)**

The management believes that the Company meets the definition of an investment entity, based on the following:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the Company ; and
- it has ownership interests in the form of equity or similar interests.

In addition, the Company has committed to shareholders its intention to provide dividend income and capital gains from investments, and will measure the performance of its investments on a fair value basis.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Company's investees held during the period or comparative periods covered by these financial statements.

### **(ii) AASB 13: Fair Value Measurement**

This standard is effective for annual periods beginning on or after January 1, 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across AASBs. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

AASB 13 is applicable to annual reporting periods beginning on or after 1 January 2013. These changes are not likely to have a material impact on the Company's financial statement.

AASB 13 establishes a single source of guidance under Australian Accounting Standards for all fair value measurements and does not change when the Company is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. As a result of the guidance in AASB 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. AASB 13 also requires additional disclosures.

Application of AASB 13 has not materially impacted the fair value measurements of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

### **New standards and interpretations not yet adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Company in the presentation of this financial report. The following standards, amendments to standards and interpretations have been identified as those which may apply to the Company in the period of initial application:

#### **(i) AASB 2012-3 – Offsetting Financial Assets and Financial Liabilities**

AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014. These changes are not likely to have a material impact on the Company's financial statement.

#### **(ii) AASB 9: Financial Instruments**

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2014-1 to reflect amendments to the accounting for financial liabilities, and is effective for periods commencing after 1 January 2018



## **2. Summary of significant accounting policies (continued)**

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

- a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
  - The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures
2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time

In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018. These changes are not likely to have a material impact on the Company's financial statement.

(iii) *AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

AASB 2013-3 is applicable to annual reporting periods beginning on or after 1 January 2014. The Company does not expect that any adjustments will be necessary as the result of applying the revised rules.

(iv) *AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]*

AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified 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. AASB 2013-4 is applicable to annual reporting periods beginning on or after 1 January 2014. The Company does not expect that any adjustments will be necessary as the result of applying the revised rules.

## **2. Summary of significant accounting policies (continued)**

(v) **AASB 1031: Materiality**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.

(vi) **AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments**

The Standard contains three main parts and makes amendments to a number Standards and Interpretations.

- Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.
- Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
- Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

### **Functional and presentation currency**

The functional and presentation currency of the Company is Australian dollars.

### **Comparatives**

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

### **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Estimates of future cash flows have been used to estimate fair value as detailed in Note 14.

The Company has not recognised deferred tax assets relating to carried forward tax losses on the basis that it does not expect to derive sufficient future capital gains to utilise the current losses within a 3 to 5 year time period.

## **3. Revenue from continuing operations**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Dividend Income InvestSMART Group	1,050,000	-
Dividend Income Yourshare Group	600,000	-
Interest received	126,845	309,504
Other income	-	23,337
	<u>1,776,845</u>	<u>332,841</u>

Dividends are received or receivable from subsidiaries companies and are recorded as income on the books close date for entitlement.

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**4. Employee Benefit expense**

	2014	2013
	\$	\$
Long Term Incentive Plan (LTIP)	94,941	-
Company issued options	3,848	-
	<u>98,789</u>	<u>-</u>

The cost of the LTIP shares and Company issued options have been estimated using Monte-Carlo simulation and the Black-Scholes methodology and amortised to their vesting dates. A summary of the terms of the LTIP are included in the Directors' report.

**5. Trade and other receivables**

	2014	2013
	\$	\$
Unsettled sales	-	3,116,836
Dividends receivable	1,300,000	-
GST receivable	48,096	9,288
	<u>1,348,096</u>	<u>3,126,124</u>

Receivables are non-interest bearing and unsecured.  
The credit risk exposure of the Company in relation to receivables is the carrying amount.

**6. Income tax**

	2014	2013
	\$	\$
<b>(a) Income tax expense recognised in the Statement of Comprehensive Income</b>		
The components of income tax expense:		
Current income tax (expense) benefit	2,017,360	(241,910)
Deferred tax income relating to the origination and reversal of temporary differences	<u>(2,017,360)</u>	<u>-</u>
Total income tax expense	<u>-</u>	<u>(241,910)</u>

**(b) Income tax expense**

The prima facie income tax benefit on accounting profit reconciles to income tax benefit as follows:

Prima facie income tax benefit calculated at 30% (2013: 30%) on the operating profit before unrealised gains/(losses) on the financial asset at fair value through profit or loss	269,685	57,561
Add/(Less) effect of:		
De-recognition of current year and prior year deferred tax benefit	(2,017,360)	(299,471)
Unrealised loss on investments	<u>1,747,675</u>	<u>-</u>
Income tax (expense)/benefit (before realised gains/(losses) on investment portfolio	<u>-</u>	<u>(241,910)</u>

Whilst deferred tax assets from unrealised capital losses were not recognised in the financial reports, the benefit of these losses will still be available to the Company in the future, if income of an appropriate nature is earned. The deductible temporary differences and tax losses do not expire under current tax legislation.



## 6. Income tax (Continued)

### (c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The following is an analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2014	2013
	\$	\$
Deferred tax assets	-	-
	-	-

At 30 June 2014, realised and unrealised capital and trading losses have not been recognised as their future recovery is uncertain or not currently anticipated. The deferred tax assets not recognised are as follows:

	2014	2013
	\$	\$
Realised capital losses	16,414,990	-
Unrealised capital losses	5,825,584	4,808,034
Revenue losses	849,388	299,471

Unrealised capital losses of \$5,825,584 not recognised arises from the impairment charge against the Company's holding in van Eyk Holdings Limited at balance sheet date. Additionally, the Company has experienced revenue losses for the last three years. The Australian Accounting Standards impose a stringent test for the recognition of a deferred tax asset where there is a history of recent tax losses. The Company has not recognised any tax assets arising from capital or revenue losses until a return to taxable profits has been demonstrated.

	2014	2013
	\$	\$
Deferred tax assets comprises the estimated expenses at current income tax rates on the following items:		
Temporary differences	-	-
Tax losses	-	-
Total provision	-	-

### (d) Reconciliations

The overall movement in the deferred tax account is as follows:

	\$	\$
Opening balance	-	241,910
(Charge)/credit to the Statement of Comprehensive Income	-	(241,910)
Closing balance	-	-

## 7. Investment

	2014	2013
	\$	\$
Digital distribution investments	19,414,461	-
Intelligent Investor group	6,890,776	-
van Eyk group	7,490,036	6,657,810
AWI Ventures	1,000,000	-
Other	-	1,175,632
Financial assets at fair value through profit and loss	34,795,273	7,833,442

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**8. Trade creditors**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Intelligent Investor final payment	2,300,000	57,973
Yourshare group final payment	75,168	-
Management fees	-	15,694
	<u>2,375,168</u>	<u>73,667</u>

Payables are non-interest bearing and unsecured.

There is a contingent payment of \$319,800 that may increase or decrease the final payment for Intelligent Investor, depending on revenue achieved to 31 December 2014.

**9. Issued capital**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Ordinary shares	<u>58,522,441</u>	<u>28,617,637</u>

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Opening balance	28,506,255	28,617,637	28,535,436	28,629,952
Share issues during the year	82,379,105	29,904,804	-	-
Share buy backs during the year	-	-	(29,181)	(12,315)
Closing balance	<u>110,885,360</u>	<u>58,522,441</u>	<u>28,506,255</u>	<u>28,617,637</u>

At 30 June 2014, 110,885,360 ordinary shares were on issue (2013: 28,506,255). The increase of 82,379,105 represents shares issued during the year. An additional 10,569,384 were issued as part of the LTIP detailed in Note 12, but remain unvested at 30 June 2014.

**(a) Terms and conditions**

The Company has ordinary shares on issue. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

**(b) Capital Management**

The Board's policy is to maintain a strong capital base so as to maintain investor and market confidence. To achieve this the Board of Directors monitor the monthly investment performance of the investee companies, the Company's management expenses, and share price movements. The Company is not subject to any externally imposed capital requirements. Capital relates to equity attributable to investors.

The primary objective of the company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to investors, capital returns or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

**10. Retained earnings**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Opening balance	(14,845,667)	(7,840,151)
Profit/(loss) attributable to members of the Company	<u>(6,724,534)</u>	<u>(7,005,516)</u>
Closing balance	<u>(21,570,201)</u>	<u>(14,845,667)</u>

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	2014 \$	2013 \$
<b>11. Auditors remuneration</b>		
Auditing and reviewing the financial reports		
Ernst and Young	41,873	48,019
	<u>41,873</u>	<u>48,019</u>

**12. Related Party Information**

**(a) Key management personnel**

The names of the persons who were key management personnel of the Company during the financial year were:

Andrew Barnes  
Ben Heap  
Peter Friend  
Alastair Davidson

**(b) Key management personnel remuneration**

Income paid to key management personnel by the Company and related parties in connection with the management of affairs of the Company were:

	Short-term Employee Benefit Cash Salary & Fees	Post-Employment Benefit Superannuation	Total
<b>2014</b>	393,692	18,367	412,059
<b>2013</b>	76,800	2,700	79,500

The directors' remuneration excludes insurance premiums paid and payable by the Company in respect of directors' liability insurance.

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company during the financial year.

The Board of Directors of Australasian Wealth Investments Limited is responsible for determining and reviewing compensation arrangements for the Managing Director. The Board of Directors assess the appropriateness of the nature and amount of emoluments of each Director on a periodic basis by reference to workload and market conditions. The overall objective is to ensure maximum stakeholder benefit from the retention of a high quality Board whilst constraining costs.

Key management personnel remuneration has been included in the remuneration report section of the Directors Report. The Company lent \$5,073,304 to the Managing Director to acquire 10,569,384 ordinary shares on 3 December 2013 (the grant date) as part of the Long Term Incentive Plan, subject to vesting terms, as approved by shareholders at the Annual General Meeting in October 2013. These share have not vested and therefore have not been included in share capital. The shares will vest in three equal tranches on the later of the first, second and third anniversary of the grant date, and the share price reaching \$0.64, \$0.80 or \$0.96 respectively for each tranche. The Company estimates the fair value of this director/employee share benefit is \$1,312,012 at the grant date.

On 17 December (the grant date), the Company issued 1,685,000 options with an exercise price of \$0.45 and a maturity date of 30 November 2017 and 1,685,000 options with an exercise price of \$0.60 and a maturity date of 30 November 2018 to the Chairman, as part of the consideration for the repurchase of the investment management contract as approved by shareholders at the Annual General Meeting in October 2013. These options are subject to vesting conditions, namely the share price being above \$0.60 on 30 November 2015 for the first tranche, and above \$0.70 on 30 November 2016 for the second tranche. The Company estimates the fair value of this director/employee share benefit is \$137,917 at the grant date.



## 12. Related Party Information (continued)

### (c) Shareholdings of key management personnel and their related entities

For the year ended 30 June 2014

Ordinary Shares	Balance at 1 July 2013	Shares held on appointment	Shares acquired / (disposed)	Shares issued upon option exercise	Balance at 30 June 2014
Andrew Barnes	5,672,744	-	1,315,163	-	6,987,907
Peter Friend (appointed 10 February 2014)	-	-	-	-	-
Alastair Davidson (resigned 1 March 2014)	-	-	327,674	-	327,674
Ben Heap (appointed 29 November 2013)	-	10,569,384	100,000	-	10,669,384
	5,672,744	10,569,384	1,742,837	-	17,984,965

For the year ended 30 June 2013

Ordinary Shares	Balance at 1 July 2012	Shares held on appointment	Shares acquired / (disposed)	Shares issued upon option exercise	Balance at 30 June 2013
Andrew Brown	660,770	-	(90,000)	-	570,770
John Reynolds	40,000	-	-	-	40,000
Andrew Barnes	-	5,672,744	-	-	5,672,744
Alastair Davidson	-	-	-	-	-
Adrian Redlich (resigned 28 March 2013)	5,904,292	-	(5,641,744)	-	262,548
	6,605,062	5,672,744	(5,731,744)	-	6,546,062

Key management personnel transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary members.

### (d) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Alastair Davidson was a director of Aurora Funds Management Limited ("Aurora") the Investment Manager. Aurora received \$1,009,458 (2013: \$59,686) in managements fees, including the termination fee. Andrew Barnes received \$1,009,458 (2013: \$59,686) in management fees from Aurora, pursuant to a sub-management agreement, including the termination fee.

In addition, Aurora was entitled to receive a performance fee of 15% p.a. of the gross return of the Portfolio that it is in excess of the ASX 300 Accumulation Index. In its capacity as manager, Aurora did not receive performance fees for the year ended 30 June 2014 (2013: Nil). The management contract was terminated in December 2013.

## 13. Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income and capital gain from the sale of its investments.

## 14. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

AASB 7 Financial Instruments: Disclosures identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables and payables):

### (i) Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

#### 14. Financial risk management (continued)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no other material amounts of collateral held as security at 30 June 2014.

Credit risk is managed as shown in Note 5 and with respect to receivables, and Note 15 for cash and cash equivalents. None of these assets are over-due or considered to be impaired.

##### (ii) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager monitors the Company's cash-flow requirements daily taking into account upcoming dividends, tax payments and investment activity.

The Company's inward cash-flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash-flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Investment Manager.

The assets of the Company are largely in the form of unlisted securities which may be difficult to liquidate in a timely fashion.

The table below analyses the Company's non-derivative financial liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year-end date. The amounts in the table below are contractual undiscounted cash flows.

	Less than 1 month \$	More than 1 month \$	Total \$
<b>At 30 June 2014</b>			
Sundry payables	176,482	-	176,482
Trade and other payables	-	2,375,168	2,375,168
Total financial liabilities	<u>176,482</u>	<u>2,375,168</u>	<u>2,551,650</u>
<b>At 30 June 2013</b>			
Sundry payables	<u>73,667</u>	-	<u>73,667</u>
Total financial liabilities	<u>73,667</u>	-	<u>73,667</u>

##### (iii) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### 14. Financial risk management (continued)

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment would lead to a reduction in the Company's equity and increase the reported loss by \$1,739,764 and \$3,479,527 respectively (2013: \$274,170 and \$548,341 respectively).

Companies or securities representing over 5% of the investment portfolio at 30 June were:	2014 %	2013 %
Intelligent Investor group	19.80	0.00
Yourshare group	35.68	0.00
InvestSmart group	20.10	0.00
Van Eyk Group Holdings	21.50	84.99
Straits Resources Limited	-	9.06
Lantern Hotel Group (formerly ING Real Estate Entertainment Fund)	-	5.93
	97.08	99.98

The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars. The Company is engaged in investment activities conducted solely in Australia.

#### (iv) Derivative financial instruments

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of proper portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

- (i) hedging to protect an asset of the company against a fluctuation in market values or to reduce volatility;
- (ii) as a substitute for physical securities; and
- (iii) adjustment of asset exposures within the parameters set out in the investment strategy.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

The Company holds the following derivative instruments:

#### Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. During the year, the Company held exchange traded options.

As at 30 June 2014, the notional principal amounts of derivatives held by the Company were as follows:

	Notional principal amounts 2014 \$	Notional principal amounts 2013 \$
Company issued ASX listed options	-	1,500
	-	1,500



#### 14. Financial risk management (continued)

##### (v) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

##### *Sensitivity analysis - interest rate risk*

An increase of 75 basis points in interest rates over the reporting period would have increased the Company's profit by \$63,422 (2013: \$15,096). A decrease of 75 basis points would have an equal but opposite effect.

As at 30 June 2014, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>				
Cash assets	1.50	3,383,947	-	3,383,947
Trade and other receivables		-	1,348,096	1,348,096
Prepayments		-	7,541	7,541
Rental deposit	1.50	67,821	-	67,821
Financial assets at fair value through profit or loss		-	34,795,273	34,795,273
		3,451,768	36,150,910	39,602,678
<b>Financial liabilities</b>				
Sundry payables			176,482	176,482
Trade and other payables		-	2,375,168	2,375,168
		-	2,551,650	2,551,650
<b>Net financial assets</b>		3,451,768	33,599,260	37,051,028

As at 30 June 2013, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>				
Cash assets	2.60	2,875,399	-	2,875,399
Trade and other receivables		-	3,126,124	3,126,124
Financial assets at fair value through profit or loss		-	7,833,442	7,833,442
		2,875,399	10,959,566	13,834,965
<b>Financial liabilities</b>				
Trade and other payables		-	73,667	73,667
		-	73,667	73,667
<b>Net financial assets</b>		2,875,399	10,885,899	13,761,298

#### 14. Financial risk management (continued)

##### (vi) Fair value hierarchy

AASB 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>At 30 June 2014</b>				
<b>Financial assets</b>				
Financial assets held at fair value through profit or loss	-	-	34,795,273	34,795,273
<b>Total</b>	-	-	34,795,273	34,795,273
<b>At 30 June 2013</b>				
<b>Financial assets</b>				
Financial assets held at fair value through profit or loss	1,175,632	-	6,657,810	7,833,442
<b>Total</b>	1,175,632	-	6,657,810	7,833,442

During the reporting period ending 30 June 2014 there was no transfers between Level 1 and Level 2 fair value measurements.

Financial instruments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

#### 14. Financial risk management (continued)

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Unlisted equities are classified within level 3.

##### Description of significant unobservable inputs to valuation of Level 3 assets

The table below shows the assumptions used by management in assessing fair value of its investments in unlisted equities.

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to fair value
InvestSMART and Yourshare groups	DCF	Long term growth rate for cash flows for terminal value	0%	A +/- 1% change in the long term real growth rate will change fair value by +11% (-8%)
		WACC	12.1%	A +/- 1% change in the WACC will change fair value by -7% (+9%)
		Short term revenue growth	0.0% - 5.0%	A +/- 2% change in short term revenue growth will change fair value by +7% (-6%)
		Short term cost growth	5.0%	A +/- 2% change in short term cost growth will change fair value by -3% (+3%)
van Eyk Group	Last known transaction			
Intelligent Investor group	Cost			

InvestSMART and Yourshare have been held at cost as this is considered a sufficiently close proxy for fair value at 30 June 2014, based on the inputs used above. van Eyk Group has been valued at the last known transaction in the shares of van Eyk Research which was the last traded price of 90 cents per share for approximately 27% of the company in February 2014, between willing buyer and seller. Intelligent Investor Group has been valued at cost given the proximity of the acquisition date to 30 June 2014.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

Balance as at 1 July 2013	6,657,810
Purchase of unlisted equities	33,963,047
Impairment charge on unlisted equities	<u>(5,825,584)</u>
Balance as at 30 June 2014	<u>34,795,273</u>



**Australasian Wealth Investments Limited**  
**ABN 62 111 772 359**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

**15. Statement of Cash Flows**

	2014	2013
<b>(a) Reconciliation of net profit from ordinary activities after income tax to net cash provided by operating activities</b>	<b>\$</b>	<b>\$</b>
Operating profit/(loss)	(6,724,534)	(7,005,516)
Change in operating assets and liabilities:		
Change in fair value of financial assets at fair value through profit or loss	6,174,617	6,569,635
Employee benefit expense	98,789	-
(Increase)/decrease in trade and other receivables	(1,338,809)	1,935
(Increase)/decrease in prepayments	3,129	(990)
Increase/(decrease) in trade and other payables	102,816	(22,702)
Decrease in tax assets	-	241,910
Net cash (outflow)/inflow from operating activities	<u>(1,683,992)</u>	<u>(215,728)</u>

<b>(b) Reconciliation of cash</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
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:		
Cash at bank	<u>3,383,947</u>	<u>2,875,399</u>
	<u>3,383,947</u>	<u>2,875,399</u>

The credit risk exposure of the Company in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are held with Westpac Banking Corporation which is rated AA- by Standard and Poor's.

**16. Earnings per share**

	2014	2013
	cents	cents
Basic earnings per share (cents per share)	<u>(8.07)</u>	<u>(24.57)</u>
Diluted earnings per share (cents per share)	<u>(7.36)</u>	<u>(24.57)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	<u>83,369,891</u>	<u>28,511,088</u>
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share	<u>91,370,086</u>	<u>28,511,088</u>

Diluted earnings per share is lower than basic earnings per share as the Company has securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

**17. Franking account**

	2014	2013
	\$	\$
Opening balance of franking account	1,723,473	1,723,473
Franking credits on dividends received	-	-
Closing balance of franking account	<u>1,723,473</u>	<u>1,723,473</u>
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends	-	-
Adjusted franking account balance	<u>1,723,473</u>	<u>1,723,473</u>

#### 18. Events occurring after reporting date

Since 30 June 2014, van Eyk Research Pty Limited has notified its shareholders that applications and redemptions on four van Eyk Blueprint funds have been temporarily suspended, which may result in a diminution of shareholder value. AWI is monitoring developments in relation to this situation and the impact it may have on the value of AWI's investment in van Eyk Research Pty Limited.

#### 19. Contingent liabilities and commitments

	2014 \$	2013 \$
Within one year	110,230	-
After one year but less than five years	55,115	-
Total	165,345	-

At 30 June 2014, the Company had a contingent liability of \$165,345 (2013: nil) for leased premises. The Company has entered into a lease over its offices at Level 1, 19-31 Pitt St, Sydney NSW 2000, until 31 December 2015.

There is a contingent payment of \$319,800 for the purchase of Intelligent Investor that may increase or decrease the final payment, depending on revenue achieved to 31 December 2014.

#### 20. Company details

The registered office and principal place of business of the Company is:

Level 1, 19-31 Pitt Street  
Sydney NSW 2000

## **Directors' declaration**


In accordance with a resolution of the Directors of Australasian Wealth Investments Limited, I state that:

1. In the opinion of the Directors:

- (a) The financial statements, notes and the additional disclosures included in the Director's Report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2014 and of its performance for the year ended on that date.
  - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards (IFRS) as disclosed in Note 2(a) and Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board



Ben Heap  
Managing Director  
Dated this 20th day of August 2014 at Sydney



## Independent auditor's report to the members of Australasian Wealth Investments Limited

### *Report on the financial report*

We have audited the accompanying financial report of Australasian Wealth Investments Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), 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 about 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Trustee, 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.

### *Independence*

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

## *Opinion*

In our opinion:

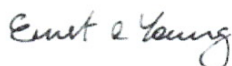
- a. the financial report of Australasian Wealth Investments Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of Australasian Wealth Investments Limited at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

## *Report on the remuneration report*

We have audited the Remuneration Report included on page 7-8 of the directors' report for the year ended 30 June 2014. 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 Australasian Wealth Investments Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.



Ernst & Young



Jonathan Pye  
Partner  
Sydney  
20 August 2014