ABERDEEN LEADERS LIMITED

ABN: 25 003 236 173

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2017

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The Appendix 4E Accounts have been audited.

Gil Orski
Company Secretary **14 August 2017**

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Aberdeen Leaders Limited
Appendix 4E
Preliminary Final Report
Year ended 30 June 2017

Results for announcement to the market

			$'000
Revenue for ordinary activities (2016: $4,332)	Down	to	4,076
Net profit before tax benefit for the period attributable to members (2016: $1,536 profit)	Down	to	1,478
Net profit after tax benefit (from ordinary activities) for the period attributable to members (2016: $2,135 profit)	Down	to	1,940

Distributions

Ex date	Record date	Payment date	Dividend amount (cents per share)	Percentage Franked
7 Oct 16	10 Oct 16	28 Oct 16	1.0	100%
6 Jan 17	9 Jan 17	2 Feb 17	1.0	100%
7 Apr 17	10 Apr 17	4 May 17	1.0	100%
23 Jun 17	26 Jun 17	28 Jul 17	2.0	100%

	30 June 2017	30 June 2016
Net tangible asset before tax (per share)	**1.27**	1.15
Dividend paid for year (fully franked) (cents per share)	**5.00**	5.00

The Company's financial health is measured by its net tangible assets, not by accounting profits. The increase or decrease in realised gains in any period should be taken into account when reviewing actual or percentage changes in income and profit in any period for an investment company.

CHAIRMAN'S STATEMENT

Dear Shareholder

I'm pleased to say that for the fifth financial year running to 30 June 2017 the Australian share market showed a positive return, in excess of financial year ending 2016, with the S&P/ASX200 Accumulation Index (our benchmark) returning 14.09 per cent. The first six months of the financial year posted the greater proportion of the overall positive return with the benchmark rising by 10.59 per cent, followed by a weaker, but positive, second half with a return of 3.16 per cent. Against this Aberdeen Leaders returned 12.95 per cent, a slight under performance to the benchmark.

At the end of June in 2016 the Reserve Bank of Australia maintained interest rates at 1.75 per cent, but then reduced rates by a further cut of 25 bps in July, an all-time historic low point of policy setting by the RBA. This move reflected the relatively benign level of inflation in Australia during the financial year but we may yet see a small uptick in inflation in the next six months. We anticipate that rates will remain at current levels for the remainder of the year with a low possibility of a small rise in first quarter of 2018.

At the end of June 2016 the Australian dollar stood at A$0.7451 against the Greenback and although there were some oscillations during the year the A$ stood at A$0.7689 at 30 June this year. Since the most recent Australian election the Government, with its slim majority, is having to resort to compromises with some of the smaller parties in order for legislation to progress resulting in some poor showing in approval ratings in the polls. The economy continues to transition from a resource based economy, albeit with stronger commodity prices still important, to a more consumer based economy resulting in slightly lower GDP growth rate.

As mentioned above our benchmark index returned 14.09 per cent during the financial year. Our Company's returns were also positive with gross assets up 12.95 per cent*. As at 30 June 2017, the NTA per share stood at $1.27, 12 cents up on the same time last year ($1.15). Net of deferred tax on unrealised gains, the NTA stood at $1.21per share. The share price closed at $1.17c, representing an increase of 12c from 30 June 2016 close.

As at 30 June 2017 the share price stood at a discount to both pre and post-tax NTA.

*After adding back dividends paid during the period.

Final Dividend

A final dividend of 2.0 cents per share was paid on 28 July 2017, resulting in an aggregate dividend of 5.0 cents per share for the year (fully franked)- the same dividend as the previous year, as the Board took into account profit for the year, realised gains on the portfolio and the balance of retained earnings.

Based on the dividends paid over the previous 12 months this equates to a yield of 4.27per cent (6.1 per cent gross of franking credits) on the closing share price at 30 June 2017. The Board will continue to review the level of future dividends payable in the light of market conditions and the level of dividends received from the investment portfolio and realised gains on investments.

Dividend Reinvestment Plan

I would like to remind investors of the Company's Dividend Reinvestment Plan (DRP) which allows eligible shareholders to have their dividends automatically reinvested in the Company. If you would like to participate in the DRP, or would like more information, please phone 02 9290 9600 and we will mail you a DRP booklet containing the relevant information.

Outlook

The new financial year got off to a flat start with our benchmark basically unchanged in July, ahead of reporting season. Volatility is likely to continue to weigh on markets with heightened security becoming increasingly prevalent especially in Europe following acts of terrorism and escalating tensions in Asia regarding land rights, although the Middle East situation appears to be moderating. In Australia the housing market remains underpinned, but APRA is seeking for banks to tighten up criteria for lending in this sector, especially focussing on loans for investment properties and foreign investors. The forthcoming results season will be watched with interest for both signs of top line growth and controlled costs. We continue to monitor good quality companies for reasonable buying opportunities.

Brian Sherman AM **August 2017**
Chairman

MANAGER'S REVIEW

The portfolio had another year of positive returns, up 12.95%. Against this, our benchmark (S&PASX200 Accumulation index) returned 14.09%. Sectorially the biggest contributor was our exposure to the Materials sector, due to a rebound in commodity prices, with Utilities also contributing strongly. The biggest detractor was our exposure to the Industrials sector, where we remain underweight, followed by our exposure to the REIT's sector which performed poorly during the year.

During the financial year we sold out of our holding in QBE, following disappointing results from their Australian business. We introduced two new holdings, buying a holding in Treasury Wine Estates and also a holding in IRESS, in the information Technology sector. We reduced our model weight by varying degrees to Coca-Cola Amatil, Westfield, Scentre, ASX, AMP, Tatts Group, Cochlear, Resmed, AGL Energy, Adelaide Brighton, Ausnet and Telstra. We increased the portfolio weighting to ANZ Bank, CBA, Perpetual, Woolworths, Healthscope, Caltex, Woodside, Amcor, BHP Billiton, Rio Tinto and South 32.
The table below identifies the major positive and negative contributions to performance relative to the benchmark over the twelve months to 30 June 2017:

Top 5 Contributors		**12 months**		**Top 5 Detractors**		**12 months**
Stock	**Rel. Weight***	**Contribution**		**Stock**	**Rel. Weight***	**Contribution**
Rio Tinto	3.59%	1.01%		Westfield	2.83%	-1.33%
AGL Energy	3.14%	0.81%		Healthscope	3.10%	-1.17%
Cochlear	2.82%	0.54%		Scentre	2.19%	-0.71%
ASX	5.51%	0.43%		NAB-non-hold	-5.25%	-0.52%
CSL	1.70%	0.39%		QBE-non-hold	-1.07%	-0.39%

* Relative weights are at 30 June 2017 only and may differ during the period

Rio Tinto was our biggest contributor to relative performance, due to the rebound in iron price. AGL Energy, Cochlear, ASX and CSL also contributed significantly, as they did in the 2016 financial year too. The biggest detractor was our holding in Westfield as REIT's remained out of favour during the year which also impacted Scentre. Healthscope also detracted due to a slowdown in hospital procedure volumes. Not holding NAB impacted negatively, although it impacted positively last year, as this stock re-rated and selling out of QBE also detracted.

Some risks to growth are emerging, with credit tightening following banks raising mortgage rates in response to macro-prudential tightening. The environment for consumers is weakening with still soft wage growth and rising cost pressures, particularly for gas and electricity. While we have been optimistic about miners, our enthusiasm has cooled a little given the recent pull-back in commodity prices. However, we still see upside given the global reflation trend and ongoing supply discipline in key commodity markets. While non-residential building construction has remained subdued, the increase in approvals over the past year across a range of sectors, along with the huge amount of public infrastructure unfolding in New South Wales and Victoria, suggests that these will provide a growing tailwind. We expect market sentiment to continue to be weak towards bond-proxy stocks (including REITs and Telcos). Market volatility will be increasingly triggered by political headlines, given significant US policy uncertainty. For Australia, the biggest concern will be any impact on our major trading partner, China, and on commodity prices. Given a lack of macroeconomic catalysts (aside from offshore exposed companies that are being buoyed by improving global growth), we expect to see companies relying more heavily on self-directed initiatives to achieve earnings growth, including technology and automation upgrades, acquisitions, market-share gains and cost-reduction programmes.

Overall we remain cautiously optimistic about the domestic economy. We will continue to make the most of market volatility, taking the opportunity to initiate positions in companies that we have been tracking; add to those we already hold; or shift towards others that possess better risk-versus-rewards fundamentals. Our focus remains on cash-generative businesses with solid balance sheets, run by prudent management.

Aberdeen Asset Management **August 2017**

Portfolio

30 June 2017

PHYSICAL	Quantity	Mkt Value	Portfolio Weighting
FINANCIALS EX PROPERTY TRUSTS			
ANZ Banking Group	137,600	3,950,496	3.86%
ASX Ltd	120,700	6,395,893	6.26%
AMP LTD	641,200	3,321,416	3.25%
Commonwealth Bank	75,400	6,243,120	6.11%
Medibank Private Ltd	561,900	1,573,320	1.54%
Perpetual Limited	31,300	1,742,158	1.70%
Westpac Banking Corp	174,400	5,319,200	5.20%
Subtotal		**28,545,603**	**27.92%**
PROPERTY TRUSTS			
Westfield Corp Npv Stapled Units	500,500	4,019,015	3.93%
Scentre Grp Npv	932,900	3,768,916	3.69%
Subtotal		**$7,787,931**	**7.62%**
CONSUMER DISCRETIONARY			
Tattersall's Limited	182,400	758,784	0.74%
Subtotal		**$758,784**	**0.74%**
CONSUMER STAPLES			
Coca-Cola Amatil	195,900	1,786,608	1.75%
Treasury Wine Estate	90,800	1,194,020	1.17%
Woolworths Limited	86,100	2,195,550	2.15%
Subtotal		**$5,176,178**	**5.06%**
HEALTH CARE			
Cochlear Limited	22,920	3,555,121	3.48%
CSL Limited	44,300	6,113,400	5.98%
Healthscope Ltd	1,584,300	3,485,460	3.41%
Resmed Inc	334,600	3,349,346	3.28%
Subtotal		**$16,503,327**	**16.14%**
ENERGY			
Caltex Australia	88,000	2,768,480	2.71%
Woodside Petroleum	139,800	4,173,030	4.08%
Subtotal		**$6,941,510**	**6.79%**
MATERIALS			
Adelaide Brighton Ltd	347,900	1,934,324	1.89%
AMCOR Limited	250,100	4,051,620	3.96%
BHP Billiton Limited	209,700	4,879,719	4.77%
Incitec Pivot Limited	762,400	2,576,912	2.52%
Rio Tinto	88,600	5,603,950	5.48%
South32 Limited	390,100	1,045,468	1.02%
Subtotal		**$20,091,993**	**19.65%**
INDUSTRIALS			
Brambles Ltd	173,600	1,687,392	1.65%
Subtotal		**$1,687,392**	**1.65%**
TELECOMMUNICATION SERVICES			
Telstra Corporation Limited	939,000	4,037,700	3.95%
Subtotal		**$4,037,700**	**3.95%**
UTILITIES			
AGL Energy Limited	173,900	4,425,755	4.33%
Ausnet Services	1,814,300	3,138,739	3.07%
Subtotal		**$7,564,494**	**7.40%**
INFORMATION TECHNOLOGY			
Iress Limited	45,300	573,045	0.56%
Subtotal		**$573,045**	**0.56%**
EQUITY TOTAL		**$99,667,957**	**97.49%**
Net Liquidity including dtl		**$2,569,738**	**2.51%**
Total Assets excluding Debt		**$102,237,695**	**100.00%**
Loan Facility		**($30,000,000)**	**-29.34%**
Total Equity		**$72,237,695**	**70.66%**

ABERDEEN LEADERS LIMITED

ABN: 25 003 236 173

APPENDIX 4E FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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14 August 2017

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	Notes	Year ended 2017 $'000	2016 $'000
Investment income from continuing operations	7	**4,076**	4,332
Expenses			
Management fees	23	**(783)**	(764)
Performance fees	23	**-**	(105)
Share registry fees		**(88)**	(100)
Custody fees		**(94)**	(89)
Tax fees	21	**(8)**	(8)
Directors' liability insurance fees		**(45)**	(39)
Directors' fees	20	**(208)**	(208)
ASX fees		**(47)**	(47)
Audit fees	21	**(66)**	(70)
Other expenses		**(51)**	(39)
Finance costs		**(1,208)**	(1,327)
		(2,598)	(2,796)
Profit before income tax		**1,478**	1,536
Income tax benefit	8(a)	**462**	599
Net profit for the year		**1,940**	2,135
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of derivative financial instruments	18(a)	**323**	227
Income tax relating to changes in fair value of derivative financial instruments	8(c)	**(97)**	(68)
Items that will not be reclassified to profit or loss			
Net unrealised gains/(losses) on financial assets taken to equity	18(a)	**5,491**	(3,837)
Income tax (expense)/benefit relating to unrealised gains on financial assets taken to equity	8(c)	**(1,647)**	1,151
Net realised gains on financial assets taken to equity	18(a)	**3,307**	3,366
Income tax expense relating to realised gains on financial assets taken to equity	8(c)	**(992)**	(1,010)
Other comprehensive income/(loss) for the year, net of tax		**6,385**	(171)
Total comprehensive income for the year attributable to the ordinary equity holders of the Company		**8,325**	1,964
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (excluding all net gains/(losses) on investments):			
Basic earnings per share	26	**3.23**	3.47
Diluted earnings per share	26	**3.23**	3.47

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

	Notes	At **2017** **$'000**	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**5,276**	2,720
Trade and other receivables	10	**342**	354
Other current assets		**42**	36
Total current assets		**5,660**	3,110
Non-current assets			
Financial assets at fair value through other comprehensive income	12	**99,668**	96,361
Deferred tax assets	13	**1,782**	2,413
Total non-current assets		**101,450**	98,774
Total assets		**107,110**	101,884
LIABILITIES			
Current liabilities			
Trade and other payables	14	**189**	324
Dividends payable		**1,084**	1,031
Borrowings	15	**30,000**	30,000
Derivative financial instruments	11	**-**	323
Total current liabilities		**31,273**	31,678
Non-current liabilities			
Deferred tax liabilities	16	**3,594**	1,951
Total non-current liabilities		**3,594**	1,951
Total liabilities		**34,867**	33,629
Net assets		**72,243**	68,255
EQUITY			
Issued capital	17	**56,665**	58,012
Reserves	18(a)	**8,295**	4,225
Retained earnings	18(b)	**7,283**	6,018
Total equity		**72,243**	68,255

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

	Notes	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2015		59,091	6,752	4,592	70,435
Net profit for the year		-	-	2,135	2,135
Other comprehensive income for the year					
Changes in fair value of derivative financial instruments		-	227	-	227
Net unrealised losses on financial assets taken to equity		-	(3,837)	-	(3,837)
Net realised gains on financial assets taken to equity		-	3,366	-	3,366
Net income tax relating to the above items		-	73	-	73
Total other comprehensive income for the year, net of tax		-	(171)	-	(171)
Total comprehensive income for the year attributable to the ordinary equity holders of the Company		**-**	**(171)**	**2,135**	**1,964**
Transactions with owners in their capacity as owners:					
Net realised gains transferred to retained earnings (net of income tax)		-	(2,356)	2,356	-
Cancellation of ordinary shares	17	(1,079)	-	-	(1,079)
Dividends provided for or paid	19	-	-	(3,065)	(3,065)
		(1,079)	(2,356)	(709)	(4,144)
Balance at 30 June 2016		**58,012**	**4,225**	**6,018**	**68,255**
Balance at 1 July 2016		58,012	4,225	6,018	68,255
Net profit for the year		-	-	1,940	1,940
Other comprehensive income for the year					
Changes in fair value of derivative financial instruments		-	323	-	323
Net unrealised gains on financial assets taken to equity		-	5,491	-	5,491
Net realised gains on financial assets taken to equity		-	3,307	-	3,307
Net income tax relating to the above items		-	(2,736)	-	(2,736)
Total other comprehensive income for the year, net of tax		-	6,385	-	6,385
Total comprehensive income for the year attributable to the ordinary equity holders of the Company		**-**	**6,385**	**1,940**	**8,325**
Transactions with owners in their capacity as owners:					
Net realised gains transferred to retained earnings (net of income tax)	17	-	(2,315)	2,315	-
Cancellation of ordinary shares	17	(1,347)	-	-	(1,347)
Dividends provided for or paid	19	-	-	(2,990)	(2,990)
		(1,347)	(2,315)	(675)	(4,337)
Balance at 30 June 2017		**56,665**	**8,295**	**7,283**	**72,243**

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

	Notes	Year ended 2017 $'000	2016 $'000
Cash flows from operating activities			
Dividends and trust distributions received		**3,986**	4,275
Interest received		**53**	66
Other revenue		**39**	-
Management fees paid		**(782)**	(760)
Finance costs paid		**(1,234)**	(1,327)
Performance fees paid		**(105)**	(42)
Payments for other expenses		**(609)**	(773)
Net cash inflow from operating activities	25	**1,348**	1,439
Cash flows from investing activities			
Payments for financial assets at fair value through other comprehensive income		**(12,939)**	(16,431)
Proceeds from sale of financial assets at fair value through other comprehensive income		**18,430**	18,244
Net cash inflow from investing activities		**5,491**	1,813
Cash flows from financing activities			
Payments for shares bought back		**(1,346)**	(1,079)
Dividends paid		**(2,937)**	(3,079)
Net cash outflow from financing activities		**(4,283)**	(4,158)
Net increase/(decrease) in cash and cash equivalents		**2,556**	(906)
Cash and cash equivalents at the beginning of the year		**2,720**	3,626
Cash and cash equivalents at the end of the year	9	**5,276**	2,720

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General information

Aberdeen Leaders Limited (the "Company") is a listed public company domiciled in Australia. The address of Aberdeen Leaders Limited's registered office is Level 10, 255 George Street, Sydney NSW, 2000. The financial statements of Aberdeen Leaders Limited are for the year ended 30 June 2017. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities and unit trusts in Australia.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Aberdeen Leaders Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Directors on 14 August 2017.

(i) Compliance with IFRS

The financial statements of Aberdeen Leaders Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Company

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the amounts recognised and disclosed within the financial statements of the Company.

(iii) Historical cost convention

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and derivative financial instruments.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included within other comprehensive income in the Statement of Comprehensive Income in the year they are incurred in accordance with the policies described in Note 2(g).

(ii) Dividends and trust distributions

Dividends and trust distributions are recognised as revenue when the right to receive payment is established.

(iii) Interest income

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (continued)

(c) Income tax

The income tax expense or benefit for the reporting period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax expense/benefit is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax expense/benefit is also recognised in other comprehensive income or directly in equity, respectively.

(d) Impairment of assets

Assets excluding investments held at fair value are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The amount of the impairment loss will be recognised in the Statement of Comprehensive Income within other expenses.

(e) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2 Summary of significant accounting policies (continued)

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

(g) Investments and other financial assets

Classification

(i) Financial assets at fair value through other comprehensive income

The Company has designated long-term investments as "fair value through other comprehensive income". All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures its financial assets and liabilities at fair value.

Transaction costs of financial assets carried at fair value through other comprehensive income are directly attributable to the acquisition of the financial asset.

Subsequent changes in fair value are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long-term holding of equity investments.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to retained earnings.

Determination of Fair Value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Under AASB 13, if an investment has a bid price and an ask price, the price within the bid-ask spread that is more representative of fair value in the circumstances shall be used to measure fair value. Accordingly, the Company uses the last bid price as a basis of measuring fair value.

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

2 Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Company recognises the difference in profit or loss to reflect a change in factors, including time that market participants would consider in setting a price.

Further details on how the fair value of financial instruments are determined are discussed in Note 4.

(h) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 11. Movements in the cash flow hedging reserve are shown in Note 18.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) Finance costs

Finance costs are recognised as expenses in the year in which they are incurred using the effective interest rate method.

(m) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

(n) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net profit for the year, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and cancelled during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

2 Summary of significant accounting policies (continued)

(p) Goods and Services Tax (GST) (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(r) Functional and presentation currency

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

(s) Comparative amounts

Certain amounts included in the prior year comparatives have been re-classified to confirm to the current year's presentation. The reclassification has not affected the recognition, measurement or valuation of any items in these financial statements.

(t) New accounting standards and interpretations

Certain accounting standards and interpretations have been recently issued or amended but are not yet effective and have not been early adopted by the Company for the annual reporting year ended 30 June 2017.

The Company has not early adopted any of the new standards listed below:

AASB 15 - Revenue from Contracts with Customers (effective for annual periods commencing from 1 January 2018)

AASB 15 was issued by the Australian Accounting Standards Board in December 2014. It specifies how an entity will recognise revenue and require entities to provide users of financial statements with more information and relevant disclosures. The standard requires the application of a single principles based five-step model approach to recognising revenue. The standard is available for early adoption. The Company is yet to undertake a detailed assessment on the impact of AASB15. However, based on the Company's preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks. The Company uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

The Board has delegated the risk management statement and the quarterly review of all risk issues to the Risk and Compliance Committee which comprises two independent non-executive Directors who have the appropriate technical expertise and experience to carry out the Committee's responsibilities. The Committee meets at least quarterly.

3 Financial risk management (continued)

(a) Market risk

AASB 7 defines market risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

The Company is not directly exposed to currency risk as all its investments are quoted in Australian dollars.

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through other comprehensive income.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple stocks and industry sectors. The portfolio is maintained by the Investment Manager within a range of parameters governing the levels of acceptable exposure to stocks and industry sectors. The relative weightings of the individual securities and relevant market sectors are reviewed weekly and risk can be managed by reducing exposure where necessary.

The Company's investment sectors as at 30 June 2017 and 30 June 2016 are as below:

Sector	**2017 (%)**	2016 (%)
Information technology	**0.59**	0.00
Financials	**28.64**	29.51
Energy	**6.96**	6.17
Healthcare and biotechnology	**16.56**	15.98
Consumer staples	**5.19**	3.07
Industrials	**2.74**	2.22
Consumer discretionary	**0.76**	3.01
Utilities	**7.59**	8.21
Materials	**19.11**	16.98
Telecommunications services	**4.05**	5.28
Property	**7.81**	9.57
Total	**100.00**	100.00

The following table illustrates the effect on the Company's equity from possible changes in financial assets at fair value through other comprehensive income as a result of other market risks that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent:

	Impact on other components of equity	
Index	**2017 $'000**	2016 $'000
Change in variable by +10%/-10% (2016: +10%/-10%)	**6,977**	6,745
Change in variable by +15%/-15% (2016: +15%/-15%)	**10,465**	10,118

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as financial assets at fair value through other comprehensive income.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value 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. The risk is measured using sensitivity analysis.

Cash deposits and loan receivables that are subject to floating interest rates are exposed to changes in the market interest rates. Changes in interest rates will change the fair value of any interest rate hedges.

At 30 June 2017

	Floating interest rate $'000	**Fixed interest rate $'000**	**Non- interest bearing $'000**	**Total $'000**
Financial assets				
Cash and cash equivalents (i)	**5,276**	**-**	**-**	**5,276**
Trade and other receivables	**-**	**-**	**342**	**342**
Financial assets held at fair value through other comprehensive income	**-**	**-**	**99,668**	**99,668**
	5,276	**-**	**100,010**	**105,286**
Financial liabilities				
Trade and other payables	**-**	**-**	**(189)**	**(189)**
Borrowings (ii)	**(30,000)**	**-**	**-**	**(30,000)**
Dividends payable	**-**	**-**	**(1,084)**	**(1,084)**
	(30,000)	**-**	**(1,273)**	**(31,273)**
Net exposure	**(24,724)**	**-**	**98,737**	**74,013**

At 30 June 2016

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents (i)	2,720	-	-	2,720
Trade and other receivables	-	-	354	354
Financial assets held at fair value through other comprehensive income	-	-	96,361	96,361
	2,720	-	96,715	99,435
Financial liabilities				
Trade and other payables	-	-	(324)	(324)
Borrowings (ii)	(30,000)	-	-	(30,000)
Dividends payable	-	-	(1,031)	(1,031)
Derivative financial instruments (iii)	(323)	-	-	(323)
	(30,323)	-	(1,355)	(31,678)
Net exposure	(27,603)	-	95,360	67,757

3 Financial risk management (continued)

(a) Market risk (continued)

(i) The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2017 is 1.35% pa (2016: 2.07% pa).

(ii) The borrowings incur an interest rate of 2.675%, inclusive of the margin of 1.00% (2016: 3.10%, inclusive of the margin of 1.20%).

(iii) Swaps covered the interest payable on the loan until 10 April 2017. The fixed interest rate was 3.215% effective 11 April 2014 for 3 years and the variable rates were between 0% and the monthly 90 day bank bill swap bid rate which at the maturity of the interest rate swap was 2.67%.

Sensitivity

At 30 June 2017, if interest rates had increased by 75 basis points or decreased by 75 basis points from the year end rates with all other variables held constant, equity and net profit for the year would have been $185,000 lower/$185,000 higher (2016 changes of 75 basis points/75 basis points: $145,000 lower/$145,000 higher), mainly as a result of higher/lower interest expense from borrowings.

(b) Credit risk

AASB 7 defines credit risk 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.

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.

Credit risk is managed as noted in Note 9 with respect to cash and cash equivalents, Note 10 for trade and other receivables and Note 11 for derivative financial instruments. None of these assets are over-due or considered to be impaired. (2016: nil)

(c) Liquidity risk

AASB 7 defines liquidity risk as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager monitors its cash-flow requirements daily in relation to the investing account taking into account upcoming dividends, tax payments and investing 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 readily tradeable securities which can be sold on-market if necessary.

As disclosed in Note 15, the Company's debt facility expired on 10 April 2017 and is rolled over for a 12 month period expiring on 10 April 2018.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the Company's 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 are contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total contractual undiscounted cash flows**
At 30 June 2017	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives				
Trade and other payables (excluding interest payable)	**143**	**-**	**-**	**143**
Interest payable	**46**	**-**	**-**	**46**
Borrowings	**30,000**	**-**	**-**	**30,000**
Dividend payable	**1,084**	**-**	**-**	**1,084**
Total	**31,273**	**-**	**-**	**31,273**

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total contractual undiscounted cash flows $'000
At 30 June 2016				
Non-derivatives				
Trade and other payables (excluding interest payable)	252	-	-	252
Interest payable	72	-	-	72
Borrowings	30,000	-	-	30,000
Dividend payable	1,031	-	-	1,031
Total	31,355	-	-	31,355
Derivatives				
Net settled (interest rate swaps)	323	-	-	323
Total	323	-	-	323

4 Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Derivative financial instruments
- Financial assets at fair value through other comprehensive income (FVTOCI)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period (2016: nil).

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) with no significant unobservable inputs and no relationship between significant unobservable inputs to fair value,
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2) with no significant unobservable inputs and no relationship between significant unobservable inputs to fair value, and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2017 and 30 June 2016.

At 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at FVTOCI				
Equity securities	**99,668**	**-**	**-**	**99,668**
Total financial assets	**99,668**	**-**	**-**	**99,668**

At 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets at FVTOCI				
Equity securities	96,361	-	-	96,361
Total financial assets	96,361	-	-	96,361
Financial liabilities				
Derivative financial instruments	-	(323)	-	(323)
Total financial liabilities	-	(323)	-	(323)

There were no transfers between levels for recurring fair value measurements during the year (2016: nil).

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

4 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(ii) Disclosed fair values

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

The carrying amounts of trade and other receivables and payables approximate their fair values due to their short-term nature.

The fair value of borrowings approximates the carrying amount.

(iii) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments; and
- Present value of the estimated future cash flows based on observable yield curves.

5 Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management has made the following judgements which would have the most effect on the amounts reported in the financial statements:

Designation of Investments as 'fair value through other comprehensive income'

Management has designated all investments as 'fair value through other comprehensive income', which results in the fair value adjustments for the year being recognised directly in equity in the investment portfolio revaluation reserve, net of tax. Once an investment is sold, cumulative revaluation gains or losses recognised attributable to that investment are transferred to retained earnings.

Income taxes

Based on the Company's history of realised gains and reserves as at reporting date, the Directors believe that the Company will realise taxable gains in the future against which the prior period realised losses can be utilised.

6 Segment information

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

7 Investment income

	Year ended **2017** **$'000**	2016 $'000
From continuing operations		
Dividends on long term financial assets held at year end	**3,911**	4,156
Dividends on long term financial assets sold during the year	**57**	27
Distributions on long term financial assets held at year end	**15**	83
Interest income	**54**	66
Other income	**39**	-
	4,076	4,332

8 Income tax benefit

(a) Income tax benefit through profit or loss

	Year ended **2017** **$'000**	2016 $'000
Current tax (benefit)/expense	**(13)**	3
Deferred tax benefit	**(449)**	(602)
	(462)	(599)
Deferred tax benefit is attributable to:		
Origination and reversal of temporary differences	**(1,001)**	(1,034)
Current year tax gains offset against prior period tax losses	**552**	432
	(449)	(602)

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	Year ended **2017** **$'000**	2016 $'000
Profit from continuing operations before income tax benefit	**1,463**	1,536
Tax at the Australian tax rate of 30.0% (2016 - 30.0%)	**439**	461
Tax effect of :		
Franking credits on dividends received	**(1,265)**	(1,491)
Imputation gross up on dividends income	**380**	447
(Under)/over-provision in prior year	**(13)**	3
Withholding gross-up on dividends received	**5**	(19)
Change in franked dividends receivable not subject to income tax	**10**	-
Foreign tax credits on dividends received	**(18)**	-
Income tax benefit	**(462)**	(599)

The applicable weighted average effective tax rates are as follows:	-31%	-39%

8 Income tax benefit (continued)

(c) Tax expense/(benefit) relating to items of other comprehensive income

	Year ended	
	2017	2016
	$'000	$'000
Changes in fair value of derivative financial instruments	**97**	68
Net unrealised gains/(losses) on financial assets taken to equity	**1,647**	(1,151)
Net realised gains on financial assets taken to equity	**992**	1,010
	2,736	(73)

9 Current assets - Cash and cash equivalents

	At	
	2017	2016
	$'000	$'000
Operating bank account	**200**	200
Deposits at call	**5,076**	2,520
	5,276	2,720

(i) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. 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.

Cash and cash equivalents held with BNP Paribas are rated A by Standard & Poor's (2016: A).

10 Current assets - Trade and other receivables

	At	
	2017	2016
	$'000	$'000
Dividends and distributions receivable	**307**	310
Interest receivable	**6**	5
GST receivable	**29**	39
	342	354

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. None of the receivables are past due or impaired at the end of the reporting period (2016: nil).

The credit risk exposure of the Company in relation to receivables is the carrying amount.

11 Derivative financial instruments

In the normal course of business, the Company enters into transactions in derivative financial instruments with certain risks. A derivative is a financial instrument or other 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.

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.

	At	
	2017	2016
	$'000	$'000
Current liabilities		
Interest rate swap contracts - cash flow hedges	**-**	323
Total current derivative financial instrument liabilities	**-**	323

The Company is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Company financial risk management policies (refer to Note 3).

The Company held the following derivative financial instruments:

Interest rate swap contracts

Bank loans of Aberdeen Leaders Limited currently bear an average variable interest rate of 2.88% (2016: 3.29%). The Company's policy if it sees fit is to protect part of the loans from exposure to fluctuations in interest rates. Accordingly, Aberdeen Leaders Limited had entered into interest rate swap contracts under which it was entitled to receive interest at variable rates and obligated to pay interest at fixed rates.

Swaps covered the interest payable on the loan until 10 April 2017. The fixed interest rate was 3.215% effective 11 April 2014 for 3 years and the variable rates were between 0% and the monthly 90 day bank bill swap bid rate which at the maturity of the interest rate swap was 2.67%. The Company settled the swaps on its maturity date i.e. 10 April 2017.

The contracts required settlement of net interest receivable or payable each 30 days. The settlement dates coincided with the dates on which interest was payable on the underlying debt. The contracts were settled on a net basis.

The Company's interest rate swap contract was with Westpac Banking Corporation which is rated A-1+ by Standard & Poor's (2016: A-1+).

(i) Risk exposures and fair value measurements

Information about the Company's exposure to credit risk and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3.

12 Non-current assets - Financial assets at fair value through other comprehensive income

	At 2017 $'000	2016 $'000
Listed securities		
Investment in ordinary shares and property trusts at fair value	**99,668**	96,361

The list showing investments treated as equity instruments and revalued through Other Comprehensive Income can be found on the page immediately after the Manager's Review.

Certain securities within the investment portfolio were disposed during the financial year during the normal course of the Company's business as a Listed Investment Company. The fair value of the investments sold during the period was $18.43 million (2016: $18.24 million). The cumulative gains on these disposals was $3.30 million for the year before tax (2016: Gains $3.37 million), which has been transferred from the investment portfolio revaluation reserve to retained earnings.

(a) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 3.

13 Non-current assets - Deferred tax assets

	At 2017 $'000	2016 $'000
The balance comprises temporary differences attributable to:		
Prior period taxable losses to be utilised in future periods	**1,768**	2,307
Changes in the fair value of cash flow hedges	**-**	97
Other temporary differences	**14**	9
	1,782	2,413

14 Current liabilities - Trade and other payables

	At 2017 $'000	2016 $'000
Management fees payable	**70**	68
Performance fees payable	**-**	113
Interest payable	**46**	72
Other payables	**73**	71
	189	324

The carrying amounts of trade and other payables approximate their fair values, due to their short-term nature.

Payables are non-interest bearing, unsecured and are usually paid within 30 days of recognition. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction.

15 Borrowings

	At					
	2017			2016		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	**30,000**	**-**	**30,000**	30,000	-	30,000
Total secured borrowings	**30,000**	**-**	**30,000**	30,000	-	30,000

The Company has entered into a $30 million revolving cash advance facility with Westpac Banking Corporation ('Borrower'). This debt facility is currently rolled over for a 12 month period, expiring on 10 April 2018.

The facility is secured by a fixed and floating charge over the Company's assets. The carrying amount of assets pledged as security is $105,328,000 (2016: $99,471,000). The facility is drawn to the extent of $30 million on 30 June 2017 (2016: $30 million). As at 30 June 2017, the facility incurs an interest rate of 2.67%, inclusive of the margin of 1.00% (30 June 2016: 3.10%, inclusive of the margin of 1.20%).

The Company was in a net working capital deficit position of $25,613,000 as at 30 June 2017 (2016: $28,568,000). This is on account of the classification of the debt facility within current liabilities, as the debt facility matures on 10 April 2018, i.e. within 12 months of the year-end date.

The Company and Borrower are in regular discussion about the terms of the facility and it is the Directors current intention to renew.

16 Non-current liabilities - Deferred tax liabilities

	At	
	2017 $'000	2016 $'000
Net unrealised gains on financial assets	**3,584**	1,950
Other temporary differences	**10**	1
	3,594	1,951

17 Issued capital

(a) Share capital

	At			
	2017 Shares	2016 Shares	**2017 $'000**	2016 $'000
Ordinary shares - fully paid	**59,402,380**	60,586,777	**56,665**	58,012

17 Issued capital (continued)

(b) Movements in ordinary share capital

Details	Number of shares	$'000
Opening balance 1 July 2015	61,574,450	59,091
Cancellation of shares	(987,673)	(1,079)
Balance 30 June 2016	60,586,777	58,012
Opening balance 1 July 2016	60,586,777	58,012
Cancellation of shares	(1,184,397)	(1,347)
Balance 30 June 2017	59,402,380	56,665

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. During the year the Company did not issue any shares under the DRP (2016: nil).

(e) Share buy-back

The Company renewed the share buy-back for 12 months from 27 February 2017 and bought back 1,184,397 shares in 2017 (2016: 987,673 shares). All these shares were cancelled as at reporting date.

(f) Capital risk management

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in Notes 17, 18(a) and 18(b) respectively.

The Board's aim is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged from 2016.

To achieve this, the Board of Directors monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio (formerly known as 'Management Expense Ratio') and share price movements.

18 Reserves and retained earnings

(a) Reserves

	At	
	2017	2016
	$'000	$'000
Reserves	**8,295**	4,225

	Notes	**2017 $'000**	2016 $'000
Movements:			
Investment portfolio revaluation reserve			
Opening balance at 1 July		**4,450**	7,136
Net unrealised gains/(losses) on financial assets held at fair value		**5,491**	(3,837)
Income tax on net unrealised gains/(losses) on financial assets held at fair value	8(c)	**(1,647)**	1,151
Net realised gains on financial assets held at fair value		**3,307**	3,366
Income tax on net realised gains on financial assets held at fair value	8(c)	**(992)**	(1,010)
Transfer of net realised gains from investment portfolio revaluation reserve to retained earnings	18(b)	**(2,315)**	(2,356)
Balance 30 June		**8,294**	4,450
Cash flow hedging reserve			
Opening balance		**(225)**	(384)
Changes in fair value of derivative financial instruments		**323**	227
Income tax on changes in fair value of derivative financial instruments	8(c)	**(97)**	(68)
Balance 30 June		**1**	(225)
Total reserves		**8,295**	4,225

(b) Retained earnings

Movements in retained earnings were as follows:

	Notes	**2017 $'000**	2016 $'000
Balance 1 July		**6,018**	4,592
Net profit for the year		**1,940**	2,135
Dividends declared during the year	19	**(2,990)**	(3,065)
Transfer of net realised gains/(losses) from investment portfolio revaluation reserve to retained earnings		**2,315**	2,356
Balance 30 June		**7,283**	6,018

(c) Nature and purpose of reserves

For a description of the nature and purpose of the reserves, refer to Note 2(g) and Note 2(h)(i).

19 Dividends declared

	Year ended **2017** **$'000**	2016 $'000
(a) Ordinary shares		
Final dividend	**1,188**	1,217
Interim dividends	**1,802**	1,848
	2,990	3,065

(b) Dividend franking account

	2017 **$'000**	2016 $'000
Opening balance of franking account	**9,880**	9,788
Franking credits on dividends received	**1,265**	1,491
Franking credits on ordinary dividends paid	**(1,259)**	(1,399)
Closing balance of franking account	**9,886**	9,880
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2016 - 30.0%)	**(347)**	(309)
Adjusted franking account balance	**9,539**	9,571

(c) Dividend rate

Dividends declared are fully franked at 30%.

	Dividend Rate	**Total Amount Declared $'000**	**Date of Payment**	**% Franked**
2017				
Ordinary shares - final	2.00cps	$1,188	28/07/2017	100%
Ordinary shares - interim	1.00cps	$600	04/05/2017	100%
Ordinary shares - interim	1.00cps	$600	02/02/2017	100%
Ordinary shares - interim	1.00cps	$602	28/10/2016	100%
2016				
Ordinary shares - final	2.00cps	$1,217	29/07/2016	100%
Ordinary shares - interim	1.00cps	$616	05/05/2016	100%
Ordinary shares - interim	1.00cps	$616	04/02/2016	100%
Ordinary shares - interim	1.00cps	$616	30/10/2015	100%

20 Key management personnel disclosures

Key management personnel compensation

	Year ended 2017 $	2016 $
Short-term employee benefits	**200,450**	200,450
Post-employment benefits	**7,600**	7,600
	208,050	208,050

Detailed remuneration disclosures are provided in the remuneration report in the Directors' report.

21 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:

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	Year ended 30 June 2017 $	30 June 2016 $
Audit and other assurance services		
Audit and review of financial statements	**65,969**	66,759
Total remuneration for audit and other assurance services	**65,969**	66,759
Taxation services		
Tax compliance services	**8,431**	8,085
Total remuneration for taxation services	**8,431**	8,085
Total remuneration of Auditors	**74,400**	74,844

22 Contingent assets and contingent liabilities

The Company had no contingent assets and contingent liabilities at 30 June 2017 (2016: nil).

23 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 20.

(b) Transactions with other related parties

	Year ended	
	2017	2016
	$	$
Management fees	**782,879**	763,865
Performance fees	**-**	105,295

The Company has entered into a Management Agreement with Aberdeen Asset Management Limited ("Investment Manager") such that it will manage investments of the Company, ensure regulatory compliance with all the relevant laws and regulations, and provide administrative and other services for a fee. The fee includes 0.60% per annum of the average of the weekly valuations of investments and 0.15% per annum of the weekly valuations of investments for its services as administrator.

A performance fee of 20% is payable on the increase in the value of investments (less the management and administration fees) over the return of the S&P/ASX 200 Accumulation Index (“Index”). Where the Index has decreased over the year, the performance fee is based on the increase in the value of investments. No performance fees are payable if the value of investments have decreased year on year.

24 Events occurring after the reporting period

Aberdeen Asset Management Plc, the ultimate holding company of the Company’s Manager, Aberdeen Asset Management Limited has entered into a scheme of arrangement to merge with Standard Life Plc. The merger is due to complete on Monday 14 August 2017 in the United Kingdom. The ultimate holding company will be named Standard Life Aberdeen Plc. Aberdeen Leaders Limited will continue to be managed by the Australian subsidiary of Standard Life Aberdeen Plc.

No other matter or circumstance 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.

25 Reconciliation of net profit for the year to net cash inflow from operating activities

	Year ended	
	2017	2016
	$'000	$'000
Net profit for the year	**1,940**	2,135
Change in operating assets and liabilities:		
Decrease in trade and other receivables	**12**	10
Increase in other current assets	**(6)**	(190)
Decrease in deferred tax assets	**631**	502
(Decrease)/increase in trade and other payables	**(135)**	83
Decrease in deferred tax liabilities*	**(1,094)**	(1,101)
Net cash inflow from operating activities	**1,348**	1,439

*This includes tax benefit/(expense) of items disclosed within other comprehensive income.

26 Earnings per share

(a) Basic earnings per share

	Year ended 2017 Cents	Year ended 2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**3.23**	3.47
Total basic earnings per share attributable to the ordinary equity holders of the Company	**3.23**	3.47

(b) Diluted earnings per share

	Year ended 2017 Cents	Year ended 2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**3.23**	3.47
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**3.23**	3.47

Diluted earnings per share is the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

(c) Weighted average number of shares used as denominator

	Year ended 2017 Number	Year ended 2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**59,997,199**	61,544,592
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**59,997,199**	61,544,592

In the Directors' opinion:

(a) the financial statements and notes set out on pages 1 to 27 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of Directors pursuant to Section 295(5) of the *Corporations Act 2001*.

Augustine Mark Daniels
Director

Sydney
14 August 2017

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Independent Auditor's Report to the Shareholders of Aberdeen Leaders Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aberdeen Leaders Limited ("the Company"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors declaration.

In our opinion, the accompanying financial report of Aberdeen Leaders Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to directors as at the time of this auditor's report.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Valuation and existence of financial assets held at fair value through other comprehensive income As at 30 June 2017, the company's financial assets held at fair value through other comprehensive income amounted to $99.7 million as disclosed in Notes 4 and 12. These are the Company's largest assets and they represent the most significant driver of the Company's revenue and its performance.	Our procedures included, but were not limited to: • evaluating key controls in place at the outsourced service providers (i.e. administrator and custodian) in relation to the valuation and existence of financial assets at fair value through other comprehensive income, including any exceptions noted; • agreeing, on a sample basis, the valuation of listed equity securities to an independent pricing source; and • agreeing, on a sample basis, the investment holdings to external custodian holdings statement. We also assessed the appropriateness of the related disclosures included in Note 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Appendix 4E and the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Company's annual report (but does not include the financial report and our auditor's report thereon): Corporate Summary, Your Board, Information about the Manager, Financial Record, Chairman's Statement, Manager's Review, Investment Portfolio and Sector Analysis, The Investment Process and Team, Corporate Governance Statement, Additional Information and Corporate Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Summary, Your Board, Information about the Manager, Financial Record, Chairman's Statement, Manager's Review, Investment Portfolio and Sector Analysis, The Investment Process and Team, Corporate Governance Statement, Additional Information and Corporate Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Aberdeen Leaders Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants
Sydney, 14 August 2017

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The Board of Directors
Aberdeen Leaders Limited
Level 10, 255 George Street
SYDNEY NSW 2000

14 August 2017

Dear Board Members

Aberdeen Leaders Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Aberdeen Leaders Limited.

As lead audit partner for the audit of the financial statements of Aberdeen Leaders Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants