



**FUTURE GENERATION**  
INVESTMENT COMPANY

# Annual Report

for the year ending 30 June 2015

*Investing in Australia's future generation.*

ABN: 97 063 935 553

## Company Particulars

The principal activity of the Company is to invest in funds managed by a number of prominent Australian equity fund managers with the aim to make a financial contribution to charity.

<b>Chairman:</b>	Jonathan Trollip	
<b>Directors:</b>	Geoff Wilson Gabriel Radzyminski Paul Jensen David Leeton	Kate Thorley David Paradice Scott Malcolm
<b>Company Secretaries:</b>	Sarah Maddox Mark Licciardo	
<b>Investment Committee:</b>	Geoff Wilson Matthew Kidman Gabriel Radzyminski	
<b>Auditors:</b>	Moore Stephens Sydney	
<b>Country of Incorporation:</b>	Australia	
<b>Registered Office:</b>	Level 11, 139 Macquarie Street, Sydney NSW 2000	
<b>Contact Details:</b>	Postal Address: GPO Box 4658, Sydney NSW 2001 Email: <a href="mailto:info@futuregeninvest.com.au">info@futuregeninvest.com.au</a> Telephone: (02) 9247 9202 Website: <a href="http://www.futuregeninvest.com.au">www.futuregeninvest.com.au</a>	
<b>Share Registrar:</b>	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664	
	For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.	
<b>Australian Securities Exchange:</b>	Future Generation Investment Company Ordinary Shares (FGX) Future Generation Investment Company Options (FGXO) expiring 16 September 2016.	

## Shareholder Presentations 2015

**Perth**  
**Thursday 19 November**  
**Presentation only**  
Parmelia Hilton  
14 Mill St  
Perth WA 6000  
  
12.15pm – 1.45pm

**Annual General Meeting and Presentation**  
**Sydney**  
**Tuesday 24 November**  
Auditorium  
Wesley Centre  
220 Pitt St  
Sydney NSW 2000  
**AGM:** 1.00pm – 1.30pm  
**Presentation:** 1.30pm – 2.30pm



**Adelaide**  
**Wednesday 25 November**  
**Presentation only**  
The Playford  
120 North Terrace  
Adelaide SA 5000  
  
12.15pm – 1.45pm

**Melbourne**  
**Thursday 26 November**  
**Presentation only**  
Rydges Hotel  
180 Exhibition St  
Melbourne VIC 3000  
  
12.15pm – 1.45pm

**Brisbane**  
**Friday 27 November**  
**Presentation only**  
Brisbane Exhibition &  
Convention Centre  
Cnr Merivale & Glenelg St  
Southbank QLD 4101  
  
12.15pm – 1.45pm

**Canberra**  
**Monday 30 November**  
**Presentation only**  
Belconnen Premier Inn  
110 Benjamin Way  
Belconnen ACT 2616  
  
12.15pm – 1.45pm

## Key Highlights 2015

**\$1,644,014**

Donation to Charities

**\$ 2,517,005**

Management and Performance Fees  
Saved

**2.0c**

Full Year Fully Franked Dividend

**3.98%**

Investment Portfolio  
Performance Since Inception

### Summary of Results FY2015

Future Generation Investment Company ('FGX' or 'The Company') delivered its maiden pre-tax operating profit of \$15.02 million and an after tax profit of \$11.37 million in the period. FGX's portfolio rose 3.98% since inception in September 2014, while the S&P/ASX All Ordinaries Accumulation Index increased 0.82%.

The investment portfolio delivered a strong risk adjusted return in its first nine months of operation. The volatility of the FGX portfolio during the period was only 7.0%, while the S&P/ASX All Ordinaries Accumulation Index was 13.8% as measured by its standard deviation. FGX outperformed the market by 3.2% during the same period.

The Board announced a 2.0 cents per share fully franked dividend, demonstrating FGX's commitment to its investment objectives of providing a stream of fully franked dividends to shareholders, protecting their capital and delivering capital growth.

The Company has donated \$1.64 million to Australian charities focused on changing the lives of Australia's most vulnerable children.

<b>As at 30 June 2015</b>	
Listing Date	Sept 2014
Market Cap	\$208.0m
Share Price	\$1.13
Shares on issue	184,047,404
Options on issue	181,424,187
Net Tangible Assets (pre tax)	\$1.11
Net Tangible Assets (post tax)	\$1.11
Gross Assets	\$205.3m
Fully franked dividend FY2015	2.0 cents

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# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I would first like to thank FGX's shareholders for their support during our first nine months of operation. I am delighted to share FGX's outstanding results, inaugural dividend to shareholders and donation to our designated charities for the period.

I would also like to thank and congratulate our participating fund managers. In a challenging investment environment the 16 fund managers together delivered 3.2% of outperformance with half the volatility of the S&P/ASX All Ordinaries Accumulation Index. The portfolio delivered a strong risk adjusted return in its first nine months of operation, achieving a pre tax profit of \$15.02 million.

The Board is also very pleased to declare a 2.0 cents per share fully franked dividend, demonstrating FGX's commitment to its investment objectives of providing a stream of fully franked dividends to shareholders, protecting their capital and delivering capital growth.

We are also excited to announce the inaugural donation of \$1.64 million to our 14 designated charities. This is made possible by the generosity and support of our fund managers and leading service providers.

Finally, I would like to thank our investors for being part of FGX's innovative approach to wealth creation that proves both shareholder and social returns can be achieved together.

### **Fund managers and service providers**

I would like to thank the fund managers and service providers for their outstanding generosity throughout the year. This generosity has allowed the inaugural donation to our designated charities and other not for profit organisations. The value of the fund managers' foregone management and performance fees totals \$2,517,005.

### **Charitable objectives**

The Company provides shareholders with unprecedented access to prominent Australian fund managers without paying management or performance fees. All participating fund managers have agreed to forgo management and performance fees, and directors and most service providers are working on a pro-bono basis. This allows the Company to donate an amount equal to 1.0% of its Net Tangible Assets ('NTA') to Australian charities each financial year.

The objectives of the Company are to provide shareholders with an attractive investment and to provide a source of funding for Australian children's charities, with a focus on children at risk. Being a shareholder in the Company is supporting investment in Australia's future generations. The Company's innovative structure promotes giving as well as wealth creation, and we hope this initiative will inspire the next generation of Australian corporate philanthropy. The Company has initially partnered with 14 designated charities that provide a significant benefit to Australian children. These charities are: Act For Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, Debra, Diabetes Kids Fund, Father Chris Riley's Youth Off The Streets, Giant Steps, Kids Helpline, Lighthouse Foundation, Raise, the Mirabel Foundation, United Way Australia, Variety and Youth Focus.

### **Charitable Donation**

In August 2015, FGX shareholders voted for their charitable allocation and we were thrilled by the response. Thank you for taking the time to do this. FGX had a total charitable allocation of \$1.64 million dollars for the year ending June 2015. Of this, \$1.35 million was allocated to the 14 FGX designated charities.

Shareholders with 1 million shares or more had the option of directing their pro rata 1.0% of Net Tangible Assets to any Australian non profit or Public Benevolent Institution with deductible gift recipients ('DGR') status. This amount came to a total of \$290,000.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## CHAIRMAN'S LETTER

### Dividends

The Board was pleased to announce a fully franked final dividend of 2.0 cents per share. The dividend will be paid on 23 October 2015 and FGX will trade ex on 12 October 2015. If option holders exercise their options by 7 October 2015 they will be entitled to the dividend. The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. At this stage the Board intends to pay an interim dividend, which will be announced with the release of FGX's half year results in February 2016. Shareholders are able to participate in the dividend reinvestment plan (DRP). The last election date for the DRP will be 15 October 2015.

### Investment portfolio

Since the capital raising funds were received in early September 2014, FGX has invested in 17 funds managed by 16 managers. The allocation to the managers has been structured to provide a spread between three broad equity strategies: long equities, absolute bias, market neutral and cash. The composition of the portfolio will vary over time in terms of strategies, funds and managers. The long equities portion of the portfolio includes exposure to large cap, mid cap and small cap stocks. As at 30 June 2015, the portfolio was 48.6% long equities, 23.4% absolute bias, 16.4% market neutral and 11.6% cash. FGX's fund managers have delivered solid performance during the year and I would like to congratulate them on their success and thank them for their continued generosity and support.

### Board appointments

In April 2015, FGX announced the appointment of four highly experienced directors to its Board. Paradice Asset Management founder David Paradice, Victor Smorgon Group CFO David Leeton, Greenstone Partners' founder Scott Malcolm, and Wilson Asset Management CEO Kate Thorley joined the Board as non-executive directors. As with the existing directorships, the additional appointments are on a pro bono basis.

Thank you for your continued support.



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**Jonathan Trollip**  
Chairman

Dated 30<sup>th</sup> September 2015

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## INVESTMENT COMMITTEE REPORT

The Investment Committee is primarily responsible for selecting Fund Managers, making and redeeming investments and generally managing the Company's Portfolio. FGX's investment Committee comprises of: Geoff Wilson, Matthew Kidman and Gabriel Radzynski.

The Investment Committee was extremely pleased with FGX's strong risk adjusted performance in the period. The Portfolio rose 3.98%, outperforming the S&P/ASX All Ordinaries Accumulation Index which increased 0.82% over the same period.

The strength of the underlying fund managers' performance and FGX's diligent allocation process drove the investment portfolio to outperform the market in each of the five months when the market fell.

The investment portfolio achieved this outperformance while taking less risk than the market. The volatility of the FGX portfolio during the period was only 7.0% while the S&P/ASX All Ordinaries Accumulation Index was 13.8% as measured by its standard deviation.

The FGX investment portfolio has been structured to provide strong risk adjusted returns for shareholders. Three broad investment strategies have been employed: long equities, market neutral and absolute bias. Over the nine month period to 30 June 2015, FGX maintained an average of 49.42% long equities exposure, 20.89% market neutral exposure and 15.96% absolute bias exposure while holding on average 13.73% cash.

FGX initially invested with 14 managers in 15 funds. At the end of the period the investment portfolio was made up of 16 managers with 17 funds. The Company's investment in the Bennelong Alpha 200 Fund was redeemed in March. In April and May 2015 funds were invested with the Bennelong Long Short Fund, the Tribeca Alpha Plus Fund and the Qato Capital Market Neutral Fund. All allocations to the other fund managers stayed constant over the period.

<b>Fund Manager</b>	<b>Strategy</b>	<b>% of Assets as at 30 June 2015</b>
Bennelong Australian Equities Partners	Long equities	9.9%
Paradice Investment Management	Long equities	9.8%
Regal Funds Management	Long equities	8.9%
Wilson Asset Management (International)	Absolute bias	7.5%
Watermark Funds Management	Market neutral	7.2%
Tribeca Investment Partners	Absolute bias	6.8%
Eley Griffiths Group	Long equities	6.6%
Cooper Investors	Long equities	5.0%
Optimal Fund Management Australia	Market neutral	4.6%
Sandon Capital	Absolute bias	3.8%
Discovery Asset Management	Long equities	3.6%
Bennelong Long Short Equity Management	Market neutral	2.4%
LHC Capital	Absolute bias	2.4%
Smallco Investment Manager	Long equities	2.3%
Qato Capital	Market neutral	1.5%
Lanyon Asset Management	Absolute bias	1.5%



**Geoff Wilson**  
**Director**

**Dated 30<sup>th</sup> September 2015**

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## CHARITY REPORT

### Designated charities

We are proud to support our 14 designated charities that work tirelessly to improve the lives of Australian children at risk. Information on the projects the designated charities will undertake with their allocation of the \$1.64 million FGX donation are detailed below:



**Act for Kids** will use funds from FGX to increase the number of children receiving free therapy for trauma, arising from abuse and neglect. The earlier a child experiences physical, sexual, emotional abuse and neglect, the greater the potential negative effects on their neurological development. The earlier intervention can be accessed, the better the lifelong outcomes for children. FGX funding will enable Act for Kids to help prevent these negative lifelong outcomes and improve the overall wellbeing of children.

The FGX allocation to Act for Kids will provide free trauma-focused integrated therapy for approximately 50 children experiencing trauma from abuse and neglect. This means services will be provided to approximately 25 more children in both Adelaide and Western Sydney as a result.

The integrated therapy program aims to improve the social, emotional, cognitive, physical and motor developmental outcomes and general wellbeing of children and young people by addressing the negative developmental impacts of trauma from abuse and neglect.

The FGX funds will amplify the outcomes Act for Kids achieves. It will enable growth of its existing service in Adelaide and a new service in an area of high need. In combination with another generous donation, FGX funds will resource a new therapy service in Western Sydney staffed by highly experienced professionals including a psychologist, speech pathologist and occupational therapist.



**The Australian Children's Music Foundation (ACMF)** provides free, weekly music tuition and musical instruments to disadvantaged schools, Juvenile Justice Centres and Hospital Music Therapy throughout Australia.

World-wide research has proven that participation in music has significant educational and social benefits, particularly for those children who have been abused, traumatised, ill-treated and children who are in need of comfort and hope.

Music is a universal language and the most successful way to engage with these troubled young people. Music brings great joy into their lives and inspires creativity, imagination, discipline, self-esteem and self-expression. Music is invaluable in improving literacy and numeracy. Through the power of music, the ACMF aspires to give disadvantaged children the vital education that will enable them to believe in themselves and realise that they can create a better life.

The FGX funding will support ACMF programs in the Taree (NSW) and Sunshine (VIC). Most of the students in these areas come from severely disadvantaged backgrounds. The funding will allow the ACMF to reach approximately 2,800 students who will have access to specialist music teachers and free instruments for a minimum of three years.

"I would teach children music, physics and philosophy but most importantly music, for in the patterns of music and all the Arts are the keys of learning," Plato.

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## CHARITY REPORT



**The Australian Indigenous Education Foundation (AIEF)** is a private sector-led, non-profit organisation focused on empowering Indigenous children in financial need to build a brighter future for themselves and for the nation. AIEF provides scholarships that enable Indigenous students to attend leading Australian schools and universities, as well as mentoring and career support to ensure students make a successful transition from school to further studies or employment, productive careers and fulfilling lives.

AIEF's average net scholarship cost is (in 2014 terms) approximately \$19,000 per student per year, which includes the net amount funded for boarding and tuition fees; incidentals such as uniforms, books, extra-curricular activities, camps and excursions; and support for work readiness training, mentoring and post-school transition support.

Lowanna Moran, now a full time secondary school teacher, has graduated from school and university through the AIEF Scholarship Program. Lowanna shares how important AIEF is to her: "AIEF did more than fund my scholarship – they provided me with ongoing support. AIEF kept in contact with me all through school and university and they're still in touch with me now. Having more than just financial support makes a big difference, especially when circumstances become tough."

AIEF anticipates that the funding received from FGX this year will be sufficient to cover between four and six scholarships, to enable greater access to Indigenous students like Lowanna to follow their dreams.



**DEBRA** Australia is a not for profit volunteer based organisation that supports kids and families living with Epidermolysis Bullosa (EB). EB is a rare disease whereby the skin blisters and peels at the slightest touch. Living with EB has been likened to living with third degree burns. It is very painful, and sufferers must be bandaged every day with dressings to protect and medicate their wounds. Care needs are very specific and knowledge among the national medical community is very limited.

The funding from FGX will enable DEBRA Australia to maintain a specialised part-time EB Nurse position in Adelaide for a year. There are currently nurses in Sydney, Brisbane and Melbourne and the nurses also look after their neighbouring states and territories. It is estimated that 25 children will be positively impacted in Adelaide and Perth through this added resource. A survey found that 96% of families that had access to an EB Nurse thought the nurse was beneficial and helpful in caring for their child. The EB Nurse coordinates care for EB patients, liaising with various specialists as required and making sure that necessary clinical tests are conducted regularly.

Specialised EB Nurses are an essential part of EB care, not only for the client and family, but to educate community health professionals. DEBRA Australia relies solely on donations and fundraising activities to sustain its programs.



**Diabetes NSW** funding from FGX will be focused on Kids Picnics. The picnics create a sense of normality for children living with type 1 diabetes and provide confidence with day-to-day management of this life threatening illness.

Managing type 1 diabetes is a 24/7 task where blood sugars are regularly tested and insulin doses constantly monitored. For the kids, these activities become routine however amongst their friendship and social groups, such as at school, this is unusual and often draws attention to the child for being different. The Kids Picnics introduces the newly diagnosed child and their family to others living with type 1 diabetes and has the effect of normalising the condition for the child.

Diabetes NSW is planning six of these picnics over the next year. Up to 40 kids attend each picnic and with parents and carers, this number increases to 100. They are day-long events with joint sessions for kids and parents as well as separate streams of education.

The kids are taught how to choose the most appropriate foods when they are out, they are encouraged to talk about their condition with each other, how to read a blood glucose meter and monitor their insulin pump. Parents are updated on the latest technology, treatments and research as well as being provided the services of a psychologist and diabetes educator.

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## CHARITY REPORT



**Father Chris Riley's Youth Off The Streets** will use FGX funding to deliver its Cultural Connections program. This program has been developed in response to an approach by Campbelltown Children's Court regarding a concerning increase in the number of Aboriginal young people involved in

Sydney's South West Juvenile Justice system. 51% of young people currently in the Children's Court are Aboriginal.

Most of these vulnerable Aboriginal youth do not have a fixed address (staying between uncles, aunties, step-parents and friends' houses in an average week), are emotionally dissociative (they are not scared of incarceration) and have been disengaged from education for two to three years. A lack of positive role models was identified as a core issue.

The Cultural Connections program aims to assist troubled and disadvantaged Aboriginal youth in Sydney's South West by providing one-on-one mentoring by Indigenous staff, supported service referrals, legal support, individual advocacy and participation in traditional cultural learning programs that endeavour to develop cultural identity, pride, skills and community connections. Activities will include bush camps, a bush tucker garden project, Aboriginal arts program, as well as mentoring and engaging with local High Schools.

Mentoring activities aim to improve access to a broad range of wraparound services, as well as linking young people to local services, Elders, community and opportunities. This program will have a direct impact on some 200 young Aboriginal Australians.



**Giant Steps** is a school for children and young adults with autism. Autism is a neurological disorder and communication and socialisation are two of the core deficits. This means that the majority of children at Giant Steps are unable to speak or communicate in an appropriate way to express their needs and wants. Often students' only way to communicate is through challenging and self-harming behaviours. This creates very stressful environments for all involved. Opened in 1995, with 12 students, Giant Steps was the first school in Australia for

children with autism to use a holistic approach in which speech therapy, occupational therapy and music therapy were incorporated in a comprehensive way into the educational program. There are now 91 students at the school.

Giant Steps will use FGX funding to contribute to a new school in Melbourne in 2016. The need for services for children with autism and their families is as great in Victoria as it is in NSW. While the school has not yet been formally announced, Over 50 families have already sought places at the school and it is anticipated that between 12 and 20 students will be enrolled when it first opens.

It is anticipated that the FGX contribution will provide 12-15% of the funding needed to support the establishment of the school in the first year.

No school fees are charged, so Giant Steps operates from individual and corporate donations and a series of fund-raising events organised by parents and friends.



**Kids Helpline** Suicide is the leading cause of death in Australia for young people. That is why it is imperative for Kids Helpline to reach more children and young people as early as possible and that children understand how to get in contact. Kids Helpline is there to support them – as long as they know about it.

Quietly known as the fourth emergency service, Kids Helpline's number is given out by many other community organisations and not for profits working in the sector of children

at risk and in care-teachers, doctors, police, nurses and paramedics. Kids Helpline is the only organisation in Australia that provides free 24/7 support to children and young people.

Every 90 seconds a young person contacts Kids Helpline, however many don't know about it or how to get help. Kids Helpline will use FGX funding for a national campaign to ensure as many children and young Australians know about Kids Helpline as a service.

A national awareness campaign for the Kids Helpline service has not been undertaken on this scale for many years due to limited funds. With the developing nature of technology there is greater need for a campaign like this than ever before.

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## CHARITY REPORT



**Lighthouse Foundation** will use FGX funds to deliver its Therapeutic Family Model of Care™ (TFMC™) to up to 50 young homeless people. Lighthouse's model is the key to Lighthouse Foundation's incredibly high success rate, where 80% of the young people it supports will never be homeless again.

While most homelessness organisations provide food and shelter, the Lighthouse model is designed to help young people recover from childhood traumas that otherwise sabotage their progress.

The model involves supporting young people in a safe, family-style setting as their lives have typically been disrupted by damaged family relationships and instability. The Lighthouse staff who interact with the young people are trained to deal effectively with young people exhibiting signs of trauma (e.g., extreme anxiety, panic attacks, depression, nightmares). This contrasts to older models where staff with no training in trauma-informed care would not see signs of traumatic mental illness and instead punish young people for being, "lazy" or "disobedient".

Lighthouse's TFMC™ is based on a mix of more than two decades of intensive frontline experience working with homeless young people and a comprehensive body of empirical research on human development from the fields of psychology, psychiatry and neurobiology. It helps stabilise the young people's lives and gradually builds their skills, confidence and social supports until they are ready for healthy, independent living.



The **Mirabel Foundation** assists children who have been orphaned or abandoned due to their parents' drug use and who are now in the care of extended family (kinship care). Due to the increase of drug use in our society, Mirabel is currently supporting 1,500 children with nine new children referred weekly. FGX funding will provide critical resources to continue supporting this growing number of children and stay true to its commitment to 'never turn a child away'.

Mirabel will use FGX funding to support its Toddler to Teen Program, which addresses the social, emotional and developmental needs of children aged 0-17 years. This program will cater for children from their earliest days when they are referred to Mirabel right through until their independence. This program will allow Mirabel to cater for up to 100 new children who have been orphaned or abandoned due to their parents' drug use.

The multifaceted program will provide disadvantaged children and families with a comprehensive needs assessment, intensive crisis support, therapeutic children's groups and educational support. The intensive crisis support includes the provision of early intervention, telephone counseling and practical assistance for children and families experiencing crisis. Fortnightly, children who are in similar circumstances are gathered together in therapeutic groups, building their self-confidence and self-esteem and developing their social skills.



**Raise** improves the lives of young people facing profound challenges by providing high quality mentoring programs in high schools and in the community.

The FGX allocation will go directly to expanding its In School Mentoring Opportunity (Ismo) program. Ismo is for boys and girls who are struggling to remain engaged in education for various reasons including issues such as anxiety, depression, low self esteem, family breakdown, serious illness, suicidal thoughts, self harm, and drug or alcohol issues.

Ismo involves recruiting and training mentors from the community and from corporate partners who undergo Raise's accredited TAFE training to become qualified youth mentors. They then attend local high schools to mentor at-risk students for one hour a week in term time on school premises. Mentoring occurs for a minimum of 20 weeks and at least two school terms.

Raise's long-term goal is to be able to provide an accredited mentor for 1,000 struggling young Australians every year by 2017. With support from FGX, Raise can realise that goal. Each Ismo program has an average of 12 children, and Raise aims to use FGX funding to create seven more Ismo programs for an additional 84 struggling young Australians.

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**United Way Australia's** early literacy program, Ready to Read, is a highly targeted program which combines free monthly book deliveries to children from birth until five years old and literacy resources for families.

By the time a child reaches five years old, their development pathways are already set. From 0-5 years of age, the brain reaches 90% of capacity. The role of early literacy development in changing lives simply cannot be underestimated; poor adult literacy is linked to high unemployment, lower earnings, low self-esteem and high rates of substance abuse. Studies indicate that early intervention is the most cost-effective strategy for producing higher reading results in school, with the most successful programs targeting both the child and the parent.

With support from FGX, United Way will fund a new Ready to Read community helping approximately 300 children under age five start school ready to read, learn and succeed. FGX support will ensure that these kids have the foundations they need not only to learn how to read – but to build the best possible life they can. United Way Australia's Ready to Read program targets children in vulnerable communities where school readiness issues are complex, by providing monthly books into the homes of 0-5 year olds as well as literacy resources for parents and carers. United Way also works with a cross-section of community partners to sign up families and run a series of community reading events.



**Variety** is dedicated to assisting Australian children who are sick, disadvantaged or who have special needs. Variety will use FGX funding for its Variety Scholarship Program, which supports children with an existing talent or dream, who are disadvantaged or living with a disability, to achieve their full

potential. Scholarships are awarded to support children in the areas of the arts, sport, music and education.

Scholarships are awarded to cover training costs, equipment and skills based courses. Funding from FGX will have extensive impact on a national level. It is expected that FGX's allocation will support approximately 50 children and their families, communities and support networks.

The Variety Scholarships Program's impact is greatly multiplied as the positive effect it has on the child then reaches into their families, their schools, and their wider support networks and communities. A number of past successful scholarship recipients have been able to achieve beyond what could have been imagined, performing dance and music on the world stage and representing Australia as proud Paralympians and elite athletes.



**Youth Focus** aims to put a stop to youth suicide and depression. Sadly, every week in Western Australia one young person is lost to suicide, incredibly a further 20 attempts are made. At the same time,

thousands of young people quietly suffer the despair that anxiety, depression and self-harming brings to their lives. Youth Focus operates with a team of outstanding mental health professionals to provide young people and their families with a range of free, unlimited and expert early intervention and prevention services.

Youth Focus will use FGX funding to cover the cost of one full time Youth Counsellor for 12 months. Based out of its Burswood office, this Youth Counsellor will provide intensive and ongoing face-to-face counselling from the office and at a number of schools. It is anticipated at least 60 young people dealing with complex mental health issues will be directly supported by this Counsellor.

Youth Focus Counsellors are tertiary qualified professionals with the skills necessary to assist young people in identifying coping strategies to deal with issues associated with suicide, depression and self-harm. Last year, Youth Focus provided intensive and ongoing professional mental health support to almost 2,000 young people. Its 2014 client survey said that 86% of the respondents had improved psychological wellbeing when they finished their counselling relationship while 92% of respondents found that the counselling met or exceeded their expectations.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Future Generation Investment Company Limited (**the Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company, on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations.

### **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	<p>The Company has a Board but no full time employees. The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company which includes:</p> <ul style="list-style-type: none"> <li>• Reviewing the investment strategy and the membership of the Investment Committee;</li> <li>• Ensuring adequate internal controls exist and are appropriately monitored for compliance;</li> <li>• Ensuring significant business risks are identified and appropriately managed;</li> <li>• Approving the interim and final financial statements and related reports and generally various other communications to the ASX and shareholders that the Board deems material; and</li> <li>• Setting appropriate business standards and codes for ethical behaviour.</li> </ul> <p>The Investment Committee will be primarily responsible for selecting Fund Managers, making and redeeming investments and generally managing the Company's Portfolio.</p>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Complies	<p>(a) The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.</p> <p>(b) This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director. The qualifications, experience and special responsibilities of the Board members are set out in the Annual Report.</p>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Does not Comply	The Board comprises experienced Company directors and while they have not received a formal letter of engagement, all are fully aware of the terms of their appointment including their roles and responsibilities. Given the charitable nature of the Company, all Directors agreed to forego the payment of fees for their services from 1 July 2014.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The Board has appointed experienced Company Secretaries who are directly accountable to the Board.
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Does not Comply	As the Company has no full time employees and given the size of the Board, a diversity policy has not been established. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will consider diversity in its nomination process. The Company is not a relevant employer under the Workplace Gender Equality Act.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>The performance of directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:</p> <ul style="list-style-type: none"><li>• review its Corporate Governance Charter annually; and</li><li>• perform an evaluation of the Board's performance at intervals considered appropriate.</li></ul> <p>The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Corporate Governance Charter. While a performance evaluation was not undertaken during the reporting period, the Board has undertaken to complete a review of its performance with the assistance of Mertons Corporate Services.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>The Company does not have any executives. The business of the Company is managed by the Board.</p>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and</li> <li>3. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: <b>OR</b></li> </ol> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Does not comply	<p>The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and diversity.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Does not comply	<p>The Company supports the appointment of Directors who bring a wide range of business, investment and professional skills and experience. While the Company does not have or disclose a formal skills matrix it does consider directors attributes prior to any appointment. The Board has undertaken to complete a review of its capabilities with the assistance of Mertons Corporate Services.</p> <p>The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Annual Report.</p>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Complies	<p>The Board is comprised of eight Directors, all of whom are considered Independent and complies with the best practice recommendation that Boards contain a majority of independent Non-executive Directors.</p> <p>Jonathan Trollip – Independent Non-executive Chairman                      Geoffrey Wilson – Independent Non-executive Director                      Paul Jensen – Independent Non-executive Director                      Gabriel Radzynski – Independent Non-executive Director                      Katherine Thorley – Independent Non-executive Director                      David Paradice – Independent Non-executive Director                      David Leeton – Independent Non-executive Director                      Scott Malcolm – Independent Non-executive Director</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	Complies	<p>The Board is comprised of eight Directors of which all eight are independent and therefore complies with the best practice recommendation that Boards contain a majority of independent Non-executive Directors.</p>
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Complies	<p>Jonathan Trollip as Chairman of the Board is considered independent.</p>
2.6	<p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Does not comply	<p>Due to the relatively uncomplicated nature of the Company's operations, its size, and the fact that directors are chosen for their specialist knowledge of their sector the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.</p>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

	Corporate Governance Council Recommendation	Compliance	Disclosure
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Complies	<p>The Company has adopted a formal Code of Conduct. This is incorporated into the Company's Corporate Governance Charter. The Company requires all its directors to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and with integrity and fairness in all dealings.</p> <p>The Company has made its Corporate Governance Charter publicly available on its website.</p>

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, who is not the chair of the board;</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the relevant qualifications and experience of the members of the committee; and</li> </ol> <p>(b) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Complies	<p>The Board has established an Audit &amp; Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company Auditor.</p> <p>The Company intends to adopt a revised Charter for this Committee incorporating policies and procedures to ensuring its effective conduct..</p> <p>Members of the Committee are:</p> <p>Paul Jensen – Independent Non-executive Director            Kate Thorley – Independent Non-executive Director            Scott Malcolm – Independent Non-executive Director</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Annual Report.</p>
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# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The Company's external accountants furnish written confirmation to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the Auditor's Report.

### **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Complies	<p>The Company's Communications Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by the Company. The Company is committed to complying with the continuous disclosure obligations contained in the Listing Rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about the Company's securities.</p> <p>Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX and only after receiving confirmation that a release of this disclosure has been made to the market will it then be placed on the Company's website. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Chairman for approval prior to any announcement.</p>
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# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website has a dedicated News section and endeavours to publish on the website all important company information and relevant announcements made to the market.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company is committed to: <ul style="list-style-type: none"> <li>ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, Investor Presentations, ASX releases, general meetings and the Company's website;</li> <li>complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia.</li> </ul>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The board encourages full participation of shareholders at the Company's annual general meetings and any other general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor will also be invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's registrar, Boardroom Pty Ltd, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at <a href="https://www.clientonline.com.au">https://www.clientonline.com.au</a>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose the charter of the committee; the members of the committee; and</p> <p>(3) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p><b>OR</b></p> <p>(4) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Complies	<p>The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control system.</p> <p>The Audit and Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified.</p> <p>The Company intends to adopt a revised Charter for this Committee incorporating policies and procedures to ensuring its effective conduct.</p> <p>Members of the Committee are:</p> <p>Paul Jensen – Independent Non-executive Director            Kate Thorley – Independent Non-executive Director            Scott Malcolm – Independent Non-executive Director</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Annual Report.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>The Board considers risk management in making all of its decisions at Board meetings throughout the year to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with, and to liaise with the Fund Managers to identify and manage risk.</p>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

	Corporate Governance Council Recommendation	Compliance	Disclosure
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b> (b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.	Complies	The Company does not have an internal audit function. An Audit and Risk Committee has been established and reviews the internal control processes as necessary. The Board works closely with all of its service providers to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	A summary of risks including interest rate, credit, and liquidity are included in Note 3 in the Annual Report.

### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

	Corporate Governance Council Recommendation	Compliance	Disclosure
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Does not comply	Given the charitable nature of the Company, all Directors agreed to forego the payment of fees for their services from 1 July 2014 and in the absence of any employees other than Directors, a Remuneration Committee has not been formed.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## CORPORATE GOVERNANCE STATEMENT

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</b>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The company does not have any executives. The business of the Company is managed by the Board.  The non-executive directors are not remunerated for their services.
8.3	A listed entity which has an equity-based remuneration scheme should:  (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  (b) disclose that policy or a summary of it.	Not applicable.	The Company does not have an equity based remuneration scheme.

The Company's corporate governance practices were in place for the financial year ended 30 June 2015 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website: [www.futuregeninvest.com.au](http://www.futuregeninvest.com.au)

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

The Directors present their report together with the financial report of Future Generation Investment Company Limited (formerly Future Generation Investment Fund Limited) (the "Company" or "FGX") for the financial year ended 30 June 2015.

### Principal Activity

The principal activity of the Company is to primarily invest in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies with the aim to make a financial contribution to charities supporting children at risk.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of these fund managers, as well as the various service providers, will allow the company to donate 1.0% of its assets each year to Australian charities with a focus on children at risk.

There was no significant change in the nature of the activity of the Company during the year.

### Operating and Financial Review

FGX achieved a pre-tax operating profit of \$15.02 million and an after tax profit of \$11.37 million in the period. FGX's portfolio rose 3.98% since inception in September 2014, while the S&P/ASX All Ordinaries Accumulation Index increased 0.82%.

During the period, the investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation by 3.2%. This was achieved with extremely low volatility as the standard deviation of the investment portfolio was 7.0% while the market was nearly double that at 13.8%. The portfolio delivered a strong risk adjusted return in its first nine months of operation.

The NTA after tax for each share as at 30 June 2015 amounted to \$1.11 per share. The NTA before tax was \$1.11 per share. These figures are before the payment of 2.0 cents in fully franked dividends to shareholders scheduled for a payment date of 23 October 2015.

### Significant Changes in State of Affairs

On 7 July 2014, at the General Meeting, the shareholders approved a share consolidation, consolidating every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. Following completion of the consolidation process on the 3 September 2014, the Company had 1,835,227 ordinary shares on issue.

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share. Options were issued and attached to the ordinary shares.

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

On 1 September 2014, A.C.N. 159 615 719 Limited, a previously controlled entity, was deregistered with ASIC and its assets transferred to the Company during the period.

On 15 September 2014, the securities of the Company were reinstated to official quotation. Options were issued and are exercisable at \$1.10 each on or before 16 September 2016.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### Significant Changes in State of Affairs (continued)

On 4 December 2014, the Company changed its name from Future Generation Investment Fund Limited to Future Generation Investment Company Limited.

### Dividends Paid or Recommended

Since year end the Board has declared a final dividend of 2.0 cents per share fully franked to be paid on 23 October 2015.

### Options

On 9 September 2014, the Company allotted 181,818,182 options to acquire ordinary shares in the capital of the Company. The options have an exercise price of \$1.10 per share and can be exercised at any time on or before 16 September 2016. The options are currently trading on the Australian Securities Exchange ('ASX') under the code FGXO.

As at 30 June 2015, 393,995 options had been exercised for a total consideration of \$433,394.50, with the remaining balance of outstanding options being 181,424,187.

### Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

Jonathon Trollip (Chairman)  
Gabriel Radzyminski (Non-Executive Director)  
Paul Jensen (Non-Executive Director)  
Geoffrey Wilson (Non-Executive Director) (appointed 7 July 2014)  
David Paradice (Non-Executive Director) (appointed 13 April 2015)  
David Leeton (Non-Executive Director) (appointed 13 April 2015)  
Scott Malcolm (Non-Executive Director) (appointed 13 April 2015)  
Kate Thorley (Non-Executive Director) (appointed 13 April 2015)

### Information on Directors

#### **Jonathan Trollip (Chairman)**

##### *Experience and expertise*

Jonathan Trollip has 30 years legal and commercial experience in the international financial sector. Jonathan is currently a principal and Director of Sydney based structured finance group Meridian International Capital Limited with whom he has been for the past 20 years. Prior to that, Jonathan was a Partner with Herbert Smith Freehills (previously Freehills) whom he joined after qualifying and working as a lawyer in London. Jonathan has post graduate degrees in Economics and Law, is a Fellow of the Australian Institute of Company Directors, has been admitted to practice as a solicitor in England and Australia and holds a current solicitor's practicing certificate.

##### *Other current directorships*

Jonathan Trollip is Chairman of Global Value Fund Limited (appointed March 2014) and holds a number of private company directorships in the commercial and not-for-profit sectors.

##### *Former directorships in the last 3 years*

None with listed entities.

##### *Special responsibilities*

None

##### *Interests in shares of the Company*

Details of Jonathan Trollip's interests in shares of the Company are included later in this report

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### **Jonathan Trollip (Chairman) (continued)**

#### *Interests in contracts*

Jonathan Trollip has no interests in contracts of the Company.

### **Gabriel Radzyninski (Non-Executive Director)**

#### *Experience and expertise*

Gabriel Radzyninski has been involved in the financial services sector for more than 17 years. He is Managing Director of Sandon Capital Pty Limited, a funds management and advisory firm specialising in activist investing. Sandon Capital Pty Limited is the investment manager of two wholesale managed investment schemes and a listed investment company.

#### *Other current directorships*

Gabriel Radzyninski serves as Chairman of Sandon Capital Investments Limited, an executive Director of Mercantile Investment Company Limited and a non-executive Director of Murchison Metals Limited.

#### *Former directorships in the last 3 years*

None.

#### *Special responsibilities*

Member of the Investment Committee.

#### *Interests in shares of the Company*

Details of Gabriel Radzyninski's interests in shares of the Company are included later in this report.

#### *Interests in contracts*

Details of Gabriel Radzyninski's interests in contracts of the Company are included later in this report

### **Paul Jensen (Non-Executive Director)**

#### *Experience and expertise*

Paul Jensen is a Fellow of the Australian Institute of Company Directors and holds a Bachelor degree in Accounting and Commercial Law. Paul is a professional non-executive director and business adviser. Paul has over 25 years of international experience in finance, investment management and banking, with specific expertise in finance, investment management and banking, with specific expertise in strategy formation, governance and financial performance. He has held senior executive positions in New Zealand, United Kingdom and Australia.

#### *Other current directorships*

Paul Jensen is a Director of Sandon Capital Investments Limited (appointed October 2013), WAM Capital Limited (appointed June 2004), Foodco Group Pty Limited (appointed September 2013) and is Chairman of not for profit Lilla Foundation Limited (appointed July 2014).

#### *Former directorships in the last 3 years*

Paul Jensen is a former Director of Clime Investment Management Limited (2008 to 2012), Murchison Metals Limited (2012 to 2014), RHG Limited (2011 to 2014) and Direct Money Marketplace Pty Limited (2015).

#### *Special responsibilities*

Member of the Audit and Risk Committee.

#### *Interests in shares of the Company*

Details of Paul Jensen's interests in shares of the Company are included later in this report.

#### *Interests in contracts*

Paul Jensen has no interests in contracts of the Company.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### **Geoffrey Wilson (Founder and Non-Executive Director)**

#### *Experience and expertise*

Geoffrey Wilson has over 35 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Securities Institute of Australia.

#### *Other current directorships*

Geoffrey Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), Chairman of WAM Research Limited (appointed June 2003), Chairman of WAM Active Limited (appointed July 2007) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and a Director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

#### *Former directorships in the last 3 years*

Geoffrey Wilson is a former Director of Cadence Capital Limited (November 2003 to February 2013).

#### *Special responsibilities*

Member of the Investment Committee.

#### *Interests in shares of the Company*

Details of Geoffrey Wilson's interests in shares of the Company are included later in this report.

#### *Interests in contracts*

Details of Geoffrey Wilson's interests in contracts of the Company are included later in this report.

### **David Paradice (Non-Executive Director)**

#### *Experience and expertise*

David Paradice founded Paradice Investment Management in 1999. Paradice Investment Management invests in equities around the world with offices in Australia and the USA. It is a privately owned company with a team of 24 people, including 14 investment specialists, with approximately \$9.5 billion funds under management. Paradice Investment Management manages 4 funds: Small Cap Australian Equities Fund, Mid Cap Australian Equities Fund, Large Cap Australian Equities Fund and Global Small Mid Cap Fund.

David holds a Bachelor of Commerce from the University of Sydney, a Diploma of Companies Directors from the Australian Institute of Companies Directors, a Diploma of Finance and Investment from the Securities of Australasia and a Professional Year from the Institute of Chartered Accountants Australia. He is a member of the Australian Institute of Company Directors, the Financial Securities Institute of Australasia and the Institute of Chartered Accountants Australia.

#### *Other current directorships*

None with listed entities.

#### *Former directorships in the last 3 years*

None.

#### *Special responsibilities*

None.

#### *Interests in shares of the Company*

Details of David Paradice's interests in shares of the Company are included later in this report.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### **David Paradice (Non-Executive Director) (continued)**

#### *Interests in contracts*

Details of David Paradice's interests in contracts of the Company are included later in this report.

### **David Leeton (Non-Executive Director)**

#### *Experience and expertise*

David Leeton joined the Victor Smorgon Group in 1987 and was promoted to the position of Chief Financial Officer in 2002. David is directly responsible for the financial reporting, financing and treasury for the group. David sits on the investment board and is actively involved in all facets of the Groups' investments and business. David holds a Bachelor of Business (Banking & Finance), a Graduate Diploma in Accounting and is a fully qualified CPA.

#### *Other current directorships*

David Leeton is a Trustee of the Victor Smorgon Charitable Fund, a director of the Victor Smorgon Scholarship Fund Pty Limited and Lighthouse Foundation.

#### *Former directorships in the last 3 years*

None with listed entities.

#### *Special responsibilities*

None.

#### *Interests in shares of the Company*

Details of David Leeton's interests in shares of the Company are included later in this report.

#### *Interests in contracts*

David Leeton has no interests in contracts of the Company.

### **Scott Malcolm (Non-Executive Director)**

#### *Experience and expertise*

Scott Malcolm has over 25 years experience in investment banking and corporate finance in Australia and the USA. He is currently a partner in the Sydney based corporate advisory firm, Greenstone Partners which he founded in 2003. Prior to Greenstone Partners, Scott was a Director in Credit Suisse's investment banking department in Sydney. Scott has a Bachelor of Commerce (Hons) from Victoria University of Wellington and a Master of Business Administration from the William E Simon Graduate School of Business, Rochester, New York.

#### *Other current directorships*

None with listed entities

#### *Former directorships in the last 3 years*

Scott Malcolm was a non executive Director of Guinness Peat Group plc from February 2012 to February 2015.

#### *Special responsibilities*

Member of the Audit and Risk Committee.

#### *Interests in shares of the Company*

Details of Scott Malcolm's interests in shares of the Company are included later in this report.

#### *Interests in contracts*

Scott Malcolm has no interests in contracts of the Company.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### **Kate Thorley (Non-Executive Director)**

#### *Experience and expertise*

Kate Thorley has over 10 years experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Active Limited (appointed July 2014), Director of WAM Research Limited (appointed August 2014) and is a non-executive Director of Sandon Capital Opportunities Pty Limited. Kate is also the Company Secretary of WAM Capital Limited and Future Generation Global Investment Company Limited. Previously, Kate held the positions of Chief Financial Officer and Financial Accountant for Wilson Asset Management (International) Pty Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CPA

#### *Other current directorships*

Kate Thorley is a non-executive Director of Sandon Capital Opportunities Pty Limited, WAM Research Limited (appointed August 2014) and WAM Active Limited (appointed July 2014).

#### *Former directorships in the last 3 years*

None with listed entities.

#### *Special responsibilities*

Member of the Audit and Risk Committee.

#### *Interests in shares of the Company*

Details of Kate Thorley's interests in shares of the Company are included later in this report.

#### *Interests in contracts*

Details of Kate Thorley's interests in contracts of the Company are included later in this report.

### **Company Secretaries:**

The following persons held the position of Company Secretary at the end of the financial year:

### **Mark Licciardo**

#### *Experience and expertise*

Mark Licciardo is managing Director of Mertons Corporate Services Pty Limited which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mark was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited (1997-04). Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark is a former Chairman of the Chartered Secretaries Australia (CSA) in Victoria, a fellow of CSA, a member of the Australian Institute of Company Directors (AICD) and a Director of several public and private companies.

### **Sarah Maddox**

#### *Experience and expertise*

Sarah Maddox is the General Manager of Operations at Wilson Asset Management (International) Pty Limited. Prior to joining Wilson Asset Management (International) Pty Limited, Sarah spent six years at RARE Infrastructure Limited as Head of Operations and Group Company Secretary and prior to that as the Group Risk and Compliance Officer for Munich Reinsurance Australasia for eight years. Sarah has 18 years experience in the funds management industry and more than 13 years in corporate governance experience. Sarah holds a Diploma in Financial Markets from Securities Institute of Australia and a Certificate in Governance and Risk Management from the Governance Institute of Australia.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### Remuneration Report (Audited)

The responsibility for the Company's remuneration policy rests with the Board. No remuneration committee has been formed.

On 28 November 2014, during the Company's Annual General Meeting, it was agreed that, for the purpose of clause 37 of the Company's Constitution and for all other purposes, the maximum aggregate annual remuneration that may be paid by the Company as remuneration for the services of the Company's non-executive Directors be decreased from \$1.2 million to NIL with effect on and from 1 July 2014.

### a) Remuneration of Directors

The following table shows details of the remuneration expense recognised for the Company's key management personnel for the previous financial year measured in accordance with the requirements of the accounting standards.

There were no Directors' fees paid in 2015.

Directors' remuneration received for the year ended 30 June 2014:

Non-executive Directors	Position	Short-term employee benefits Directors' Fees \$	Post- employment benefits Superannuation \$	Total \$
Jonathan Trollip	Non-Executive Director	13,386	1,238	14,624
Gabriel Radzynski	Non-Executive Director	10,039	929	10,968
Paul Jensen	Non-Executive Director	12,020	-	12,020
Paul Espie*	Non-Executive Director	102,389	7,623	110,012
John Hervey*	Non-Executive Director	44,955	1,383	46,338
Michael Hutchinson*	Non-Executive Director	32,455	1,383	33,838
	<b>Sub-total non-executive directors</b>	<b>215,244</b>	<b>12,556</b>	<b>227,800</b>

\*Directors that resigned on 8 October 2013.

In addition to the fees detailed above, the following Directors were paid for their services in relation to the Wilson Foundation proposal:

- Jonathan Trollip: \$21,000 by way of salary sacrifice into superannuation
- Gabriel Radzynski: \$13,750 as fees
- Paul Jensen: \$27,500 as fees

### b) Director Related Entities Remuneration

Except as noted below, all transactions with related entities were made on normal commercial terms and conditions and at market rates.

Geoffrey Wilson is a Director of Wilson Asset Management (International) Pty Limited, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management (International) Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

Wilson Asset Management (International) Pty Limited provided initial management services, some company secretarial services, financial reporting, investor relations and marketing for the Company at no cost to the Company. Wilson Asset Management (International) Pty Limited is an entity associated with Geoffrey Wilson and Kate Thorley.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### b) Director Related Entities Remuneration (continued)

Gabriel Radzynski is Managing Director of Sandon Capital Pty Limited, Investment Manager of Sandon Capital Activist Fund. Sandon Capital Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

David Paradice is a Director of Paradice Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradice Australian Equities Mid Cap Fund and Paradice Large Cap fund. Paradice Investment Management Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

### c) Equity Instruments Disclosures of Directors and Related Parties

At the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Directors	Ordinary Shares	Options
Jonathan Trollip	181,818	181,818
Gabriel Radzynski	27,727	27,727
Paul Jensen	22,727	22,727
Geoffrey Wilson	4,197,367	2,340,909
David Paradice	1,000,000	1,000,000
David Leeton	546,364	636,364
Scott Malcolm	922,727	909,090
Kate Thorley	80,000	-

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

For further details, please refer to Note 20 of the financial statements.

End of remuneration report.

### Directors' Meetings

Director	No. eligible to attend	Attended
Jonathan Trollip	6	6
Geoffrey Wilson	6	6
Gabriel Radzynski	6	6
Paul Jensen	6	5
David Paradice (appointed 13 April 2015)	1	1
David Leeton (appointed 13 April 2015)	1	1
Scott Malcolm (appointed 13 April 2015)	1	1
Kate Thorley (appointed 13 April 2015)	1	1

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### Audit and Risk Committee Meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance Statement on pages 17 to 18 of the Annual Report.

Director	No. eligible to attend	Attended
Gabriel Radzyminski	1	1
Paul Jensen	1	1
Jonathan Trollip	1	1
Geoffrey Wilson		1

### After Balance Date Events

Since year end the Company declared a final dividend of 2.0 cents per share fully franked to be paid on 23 October 2015.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

### Future Developments

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

### Environmental Issues

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

### Indemnification and Insurance of Officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

### Non-Audit Services

Details of the amounts paid to the auditors and their related parties are disclosed in Note 19 to the Financial Statements.

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

	Year Ended 2015	2014
	\$	\$
Other Services- Non Statutory Review PricewaterhouseCoopers	-	4,000
Total remuneration for other services	-	4,000

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 19 did not compromise the external auditor's independence for the following reason:

- The nature of the services provided do not compromise the general principles relating to auditory independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 30 of this Annual Report.

### Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'founding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



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**Jonathan Trollip**  
Chairman  
30th September 2015

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## **Auditor's Independence Declaration to the Directors of Future Generation Investment Company Limited**

As lead auditor for the audit of Future Generation Investment Company Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Future Generation Investment Company Limited during the period.



**Moore Stephens Sydney**



**Scott Whiddett**

Partner

Dated in Sydney this 30<sup>th</sup> September 2015

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
<b>Investment income from ordinary activities</b>			
Interest		986	306
Dividends and distributions		14,050	-
Investment management and performance fee rebates	7	1,886	-
		<b>16,922</b>	<b>306</b>
<b>Expenses</b>			
Board administrative expenses		-	(32)
Directors' fees	20(a)	-	(215)
Director retirement expense		-	(12)
Loss on disposal of subsidiary	8(a)	-	(450)
Charity donation accrual	8(b)	(1,644)	-
Strategic initiatives costs	8(c)	-	(1,495)
ASX listing fees		-	(56)
Chess fees		(60)	-
Share registry fees		-	(364)
Share registry out-of-pocket		(73)	-
Audit fees	19	(39)	(72)
Insurance		(17)	(938)
Tax fees		-	(168)
Amortisation expense		(3)	-
Investment expenses		-	(13)
Accounting fees		-	(51)
Other Expenses		(65)	(245)
		<b>(1,901)</b>	<b>(4,111)</b>
<b>Profit/(loss) before income tax</b>		<b>15,021</b>	<b>(3,805)</b>
Income tax expense	9(a)	(3,649)	(2,456)
<b>Net profit/(loss) for the year</b>		<b>11,372</b>	<b>(6,261)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised losses on investments taken to equity, net of tax	17(a)	(6,763)	-
Net realised losses on investments taken to equity, net of tax	17(a)	(3)	-
<b>Other comprehensive loss for the year, net of tax</b>		<b>(6,766)</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>4,606</b>	<b>(6,261)</b>
<b>Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share*	27	<b>7.63</b>	(1.01)
Diluted earnings/(loss) per share*	27	<b>7.63</b>	(1.01)

\*Due to changes in the Company's shareholdings and the relevant consolidation during the year, the calculation of basic and diluted earnings/(loss) per share for all periods presented were adjusted for these changes.

The accompanying notes form part of these financial statements.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	23,340	3,330
Trade and other receivables	11	9,733	6
Current tax assets		-	68
Other current assets		5	8
<b>Total current assets</b>		<b><u>33,078</u></b>	<b><u>3,412</u></b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	12	172,170	-
Deferred tax assets	13	4,417	203
Intangible assets		10	-
<b>Total non-current assets</b>		<b><u>176,597</u></b>	<b><u>203</u></b>
<b>Total assets</b>		<b><u>209,675</u></b>	<b><u>3,615</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	23	317
Charity donation accrual	8(b)	1,644	-
Current tax liabilities		3,231	-
<b>Total current liabilities</b>		<b><u>4,898</u></b>	<b><u>317</u></b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	153	-
<b>Total non-current liabilities</b>		<b><u>153</u></b>	<b><u>-</u></b>
<b>Total liabilities</b>		<b><u>5,051</u></b>	<b><u>317</u></b>
<b>Net assets</b>		<b><u>204,624</u></b>	<b><u>3,298</u></b>
<b>EQUITY</b>			
Issued capital	16(a)	200,248	3,528
Reserves	17(a)	4,376	(3,781)
Retained earnings	17(b)	-	3,551
<b>Total Equity</b>		<b><u>204,624</u></b>	<b><u>3,298</u></b>

The accompanying notes form part of these financial statements.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

Notes	Issued capital \$'000	Investment reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2013</b>	116,569	-	(35,476)	46,404	127,497
Net profit for the year	-	-	-	(6,261)	(6,261)
<b>Other comprehensive income for the year</b>					
Other comprehensive income, net of tax	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(6,261)	(6,261)
<b>Transactions with owners in their capacity as owners:</b>					
Loss of control in AIFT - deconsolidation of reserves and retained earnings	-	-	31,695	(31,695)	-
Share restructure costs charged to equity	(52)	-	-	-	(52)
Return of capital	(112,989)	-	-	-	(112,989)
Dividends provided for/or paid	-	-	-	(4,897)	(4,897)
<b>18(a)</b>	(113,041)	-	31,695	(36,592)	(117,938)
<b>Balance at 30 June 2014</b>	<b>3,528</b>	<b>-</b>	<b>(3,781)</b>	<b>3,551</b>	<b>3,298</b>
<b>Balance at 1 July 2014</b>	<b>3,528</b>	<b>-</b>	<b>(3,781)</b>	<b>3,551</b>	<b>3,298</b>
Net profit for the year	-	-	-	11,372	11,372
<b>Other comprehensive loss for the year</b>					
Other comprehensive loss, net of tax	-	(6,766)	-	-	(6,766)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(6,766)</b>	<b>-</b>	<b>11,372</b>	<b>4,606</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	198,809	-	-	-	198,809
Buy-back of ordinary shares	(2,089)	-	-	-	(2,089)
Dividends provided for or paid	-	-	-	-	-
Transfer to profits reserve	-	-	14,923	(14,923)	-
<b>17(a)</b>	196,720	-	14,923	(14,923)	196,720
<b>Balance at 30 June 2015</b>	<b>200,248</b>	<b>(6,766)</b>	<b>11,142</b>	<b>-</b>	<b>204,624</b>

The accompanying notes form part of these financial statements.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Interest received		916	306
Other income received		262	5,362
Finance costs paid		-	(9)
Income taxes paid		(386)	(2,660)
Payments for other expenses		(501)	(2,867)
<b>Net cash inflow from operating activities</b>	<b>24</b>	<b>291</b>	<b>132</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		(14)	-
Loss on disposal of subsidiary - AIFT		-	(450)
Payments for financial assets at fair value through other comprehensive income		(191,800)	-
Proceeds from sale of financial assets at fair value through other comprehensive income		15,939	-
<b>Net cash (outflow) from investing activities</b>		<b>(175,875)</b>	<b>(450)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and options exercised		201,433	-
Payments for shares bought back		(2,089)	-
Share issue and buy-back transaction costs		(3,750)	(52)
Payment of strategic initiatives costs		-	(1,495)
Payment upon return of capital		-	(112,989)
Dividends paid to the Company's shareholders		-	(4,897)
<b>Net cash inflow (outflow) from financing activities</b>		<b>195,594</b>	<b>(119,433)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		20,010	(119,751)
Cash and cash equivalents at the beginning of the year		3,330	123,081
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>23,340</b>	<b>3,330</b>

The accompanying notes form part of these financial statements.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1 General information

Future Generation Investment Company Limited (the "Company") is a listed public company domiciled in Australia. The address of Future Generation Investment Company Limited's registered office is Level 11, 139 Macquarie St, Sydney NSW 2000. The financial statements of the Company are for the year ended 30 June 2015.

The Company is primarily involved in investing in funds managed by a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies with the aim to make a financial contribution to charities supporting children at risk.

The Company invests its capital with fund managers who have agreed to provide their services for 0.0% management fees and 0.0% performance fees. The pro bono support of these fund managers, as well as the various service providers, will allow the Company to donate 1.0% of its net assets each year to Australian charities with a focus on children at risk.

On 1 September 2014, A.C.N. 159 615 719 Limited, a previously controlled entity, was deregistered with ASIC and its assets transferred to the Company during the year.

The comparative 30 June 2014 information comprised the group, consisting of the Company and its controlled entity, A.C.N. 159 615 719 Limited. These include the results of Australian Infrastructure Fund Trust (AIFT) for the period 1 July 2013 to 19 February 2014, at which point, the Company lost control of AIFT.

### Significant changes in issued capital in the current reporting period

#### *Activity in shares pre-consolidation*

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the Extraordinary General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

#### *Activity in shares post-consolidation*

On 7 July 2014, at the General Meeting, the shareholders approved a share consolidation, consolidating every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. Following completion of the consolidation process on the 3 September 2014, the Company had 1,835,227 ordinary shares on issue.

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share. Options were issued and attached to the ordinary shares. Options are exercisable at \$1.10 each on or before 16 September 2016.

On 15 September 2014, the securities of the Company were reinstated to official quotation.

On 4 December 2014, the Company changed its name from Future Generation Investment Fund Limited to Future Generation Investment Company Limited.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 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. The financial statements are for the entity Future Generation Investment Company Limited.

#### (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*. Future Generation Investment Company 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 30<sup>th</sup> September 2015.

##### *(i) Compliance with IFRS*

The financial statements of the Future Generation Investment Company 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 2014 that have a material impact on 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 and liabilities at fair value through profit or loss or through other comprehensive income.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

#### (a) Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

<b>Title of standard</b>	<b>Nature of change</b>	<b>Impact</b>	<b>Mandatory application date/ Date of adoption by the Company</b>
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	<p>Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities.</p> <p>There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.</p> <p>The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation.</p> <p>The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses.</p> <p>The Company has not yet assessed how the impairment provisions would be affected by the new rules.</p>	<p>Must be applied for financial years commencing on or after 1 January 2018.</p> <p>Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.</p> <p>The Company has not yet decided when to adopt AASB 9.</p>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

#### (a) Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted (continued)*

<b>Title of standard</b>	<b>Nature of change</b>	<b>Impact</b>	<b>Mandatory application date/ Date of adoption by the Company</b>
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.</p> <p>The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.</p>	<p>The Company's main sources of income are interest, dividends and distributions, investment manager fee rebates and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.</p>	<p>Mandatory for financial years commencing on or after 1 January 2017. The Company has not yet decided when to adopt AASB 15.</p>

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

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

#### (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 in the Statement of Comprehensive Income in the year they are incurred in accordance with the policies described in Note 2(g).

##### (ii) *Trust distributions*

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.

##### (iv) *Other income*

Investment manager fee rebate is recognised in the Statement of Comprehensive Income on an accruals basis.

#### (c) Income tax

The income tax expense or revenue for the 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 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 is also recognised in other comprehensive income or directly in equity, respectively.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

#### (d) Impairment of assets

Assets excluding investments 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The amount of the impairment loss, if any, is 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.

#### (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) Financial assets and liabilities

##### *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.

##### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 8) in the Statement of Financial Position.

##### **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.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

#### (g) Financial assets and liabilities (continued)

##### *Measurement*

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

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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 of financial assets carried at fair value through other comprehensive income 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 instrument held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to the investment portfolio realised gains/losses reserve.

##### *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.

The Company's accounting policy on fair value is disclosed in Note 4.

The Board of Directors values the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.

#### (h) 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.

#### (i) 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, from the proceeds.

#### (j) Profits reserve

A profits reserve has been created representing an amount allocated on a monthly basis from retained earnings that is preserved for future dividend payments.

#### (k) 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.

In accordance with the Corporations Act 2001, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

#### (k) Dividends (continued)

It is the Directors' policy to only pay fully franked dividends and to distribute the majority of franking credits received each year. Franking credits are generated by receiving fully franked dividends from shares held in the Company's investment portfolio and from the payment of corporate tax on its other investment income, unfranked income and net realised gains.

#### (l) Earnings per share

##### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

#### (m) 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.

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

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.

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.

#### (n) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

#### (o) Functional and presentation currency

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

#### (p) Comparatives

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

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risks (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.

#### (a) 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.

##### (i) Foreign exchange risk

###### Exposure

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

##### (ii) Price risk

###### Exposure

The Company is exposed to price risk on investments in unlisted unit trusts. 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 a number of prominent Australian equity fund managers with a focus on long-only, long/short and alternative investment strategies.

###### Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in other market risk 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:

Index	Impact on other components of equity	
	2015 \$'000	2014 \$'000
Change in variable +/- 5% (2014: *)	6,013	-
Change in variable +/- 10% (2014: *)	12,026	-

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

\*Until September 2014, the Company's financial instruments were cash and cash equivalents hence comparative information is not provided.

##### (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.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Cash flow and fair value interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

#### 30 June 2015

	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interesting bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	280	23,060	-	23,340
Trade and other receivables	-	-	9,733	9,733
Financial assets held at fair value through other comprehensive income	-	-	172,170	172,170
	<u>280</u>	<u>23,060</u>	<u>181,903</u>	<u>205,243</u>
<b>Financial Liabilities</b>				
Trade and other payables	-	-	(23)	(23)
Charity donation accrual	-	-	(1,644)	(1,644)
Current tax liabilities	-	-	(3,231)	(3,231)
	<u>-</u>	<u>-</u>	<u>(4,898)</u>	<u>(4,898)</u>
Net exposure	<u>280</u>	<u>23,060</u>	<u>177,005</u>	<u>200,345</u>

#### 30 June 2014

	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interesting bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	3,330	-	-	3,330
Trade and other receivables	-	-	6	6
Current tax assets	-	-	68	68
	<u>3,330</u>	<u>-</u>	<u>74</u>	<u>3,404</u>
<b>Financial Liabilities</b>				
Trade and other payables	-	-	(317)	(317)
	<u>-</u>	<u>-</u>	<u>(317)</u>	<u>(317)</u>
Net exposure	<u>3,330</u>	<u>-</u>	<u>(243)</u>	<u>3,087</u>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

(iii) *Cash flow and fair value interest rate risk (continued)*

##### *Sensitivity*

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

At 30 June 2015, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the year end rates with all other variables held constant, post-tax profit for the year would have been \$163,000 higher/\$163,000 lower (2014 changes of 100bps: \$33,000 lower/\$33,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

#### (b) 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.

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 10 with respect to cash and cash equivalents and Note 11 for trade and other receivables. None of these assets are over-due or considered to be impaired.

#### (c) Liquidity risk

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

The Board and Investment Manager monitor the cash-flow requirements 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.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company has a significant amount of term deposits which mitigates the liquidity risk.

##### *Maturities of financial liabilities*

The following table analyse the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities at year end date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3 Financial risk management (continued)

#### (c) Liquidity risk (continued)

##### Contractual maturities of financial liabilities

At June 2015	Less than 1 month	1-12 months	Between 1 and 5 years	Total contractual undiscounted cash flows
	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>				
Trade and other payables	23	-	-	23
Charity donation accrual	-	1,644	-	1,644
Current tax liabilities	-	3,231	-	3,231
<b>Total non-derivatives</b>	<b>23</b>	<b>4,875</b>	<b>-</b>	<b>4,898</b>

At June 2014	Less than 1 month	1-12 months	Between 1 and 5 years	Total contractual undiscounted cash flows
	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>				
Trade and other payables	317	-	-	317
<b>Total non-derivatives</b>	<b>317</b>	<b>-</b>	<b>-</b>	<b>317</b>

### 4 Fair value measurements

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

- 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.

#### (a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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), and
- c. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 4 Fair value measurements (continued)

#### (a) Fair value hierarchy (continued)

##### (i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2015.

#### Recurring fair value measurements

At 30 June 2015 Financial assets at FVTOCI	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Unlisted unit trusts	-	172,170	-	172,170
<b>Total financial assets</b>	<b>-</b>	<b>172,170</b>	<b>-</b>	<b>172,170</b>

Note that until September 2014, the Company's financial instruments were cash and cash equivalents hence comparative information is not provided.

There were no transfers between levels for recurring fair value measurements during the year.

##### (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 are assumed to approximate their fair values due to their short-term nature.

##### (iii) Valuation techniques used to determine fair values

#### Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market 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.

The Board of Directors value the Company's investments in unlisted unit trusts using the unit prices derived from the unaudited net assets of the unlisted unit trusts.

### 5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 5 Critical accounting estimates and judgements (continued)

*Designation of investments as 'fair value through other comprehensive income'*

Management has designated all investments in shares and unit trusts 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, any cumulative gain or loss recognised attributable to that investment is transferred to the investment portfolio's realised gains/losses reserve.

*Income taxes*

Based on the Company's history of realised gains, the Directors believe that the Company will realise taxable gains in the future against which the current and prior year realised losses can be utilised.

### 6 Segment information

The Company has only one reportable segment as at 30 June 2015. The Company's previous reportable operating segment was in the cash and term deposits segment. As at 30 June 2015, the Company's reportable operating segment was investments in unlisted unit trusts and cash and/or cash equivalents.

### 7 Investment income from ordinary activities

The Company has invested in 17 unlisted unit trusts and where available, has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Bennelong Long Short Fund, the Discovery Australian Small Companies Fund, the Optimal Australia Absolute Trust and the LHC Capital Australia High Conviction Fund. The remaining investments are in unit classes that charge management and performance fees. These Fund Managers have rebated the fees charged. The aggregate management and performance fees rebated to the Company were \$1.886 million for the year ended 30 June 2015 (2014: N/A).

### 8 Other expense items

#### (a) Loss on disposal of subsidiary

	2015 \$'000	2014 \$'000
Loss on disposal of subsidiary	-	(450)

On 19 February 2014, an independent unrelated party acquired ownership of AIFT. As a result of this, a loss on disposal of AIFT of \$450,000 was recognised.

#### (b) Charity donation accrual

The Company has a commitment to accrue and pay a 1.0% charity donation to support Australian charities with a focus on children at risk. The charity donation commitment is calculated and accrued monthly and paid annually in arrears and is based on the Company's net assets before tax. The accrual commenced at the end of September 2014, being the month the Company relisted following recapitalisation.

	2015 \$'000	2014 \$'000
Charity donation accrual	1,644	-

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 8 Other expense items (continued)

#### (c) Expenses

	2015 \$'000	2014 \$'000
<b>Strategic initiatives costs</b>		
Fund Holding Deed defence costs	-	100
Recapitalisation costs	-	325
Change in Responsible Entity expenses	-	330
Restructure legal fees	-	740
	<hr/>	<hr/>
Total cost of sales and providing services and other expenses from ordinary activities	-	1,495

#### **Restructure legal fees**

Legal fees were incurred as a result of legal advice obtained for issues relating to the proposed winding up process of AIFL and AIFT, including reviewing and providing advice on liquidation process, research regarding capital return payment and advice regarding implementation agreement for the new Responsible Entity ("RE").

#### **Change in Responsible Entity expenses**

An implementation deed was entered into for the change of the RE of AIFT from Hastings Funds Management Limited ("HFML") to W.A Blue Gum. As part of the deed, AIFL paid a non-refundable signing fee to the new RE in consideration of the costs incurred by the new RE in implementing the deed. AIFL also prepaid a completion fee to HFML to hold on behalf of AIFL in immediately available funds. Hastings was responsible for the completion of this transaction.

#### **Fund Holding Deed defence costs**

A fee was paid to Hastings Management Pty Limited ("funder") as an indemnity fee for any possible claims against either AIFL or AIFT under the sale agreements. The party must then provide a Notice of Claim and the funder must pay either AIFL or AIFT the defence costs likely to be incurred in respect of the claim. The sale agreements were various shares and units sale agreements entered into by AIFL and AIFT.

#### **Recapitalisation costs**

The Company incurred costs in relation to the new strategic direction announced by the Directors in relation to the Wilson Foundation Proposal. The Wilson Foundation Proposal included an equal access share buy-back scheme as well as capital raising. The costs included legal adviser fees and investigating accountant fees. Fees were also paid to related entities of the Directors for their services in relation to that proposal. Full details of the fees paid to the Directors are included in the Remuneration report (audited) in the Directors' Report.

### 9 Income tax expense

#### (a) Income tax expense through profit or loss

	2015 \$'000	2014 \$'000
Current tax expense	3,709	2,504
Deferred tax expense/(benefit)	(60)	(48)
	<hr/>	<hr/>
	3,649	2,456

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 9 Income tax expense (continued)

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

	2015	2014
	\$'000	\$'000
Profit/(loss) from continuing operations before income tax expense	15,021	(3,805)
Tax at the Australian tax rate of 30.0% (2014 – 30.0%)	4,506	(1,141)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	(779)	(1,535)
Imputation gross up on dividends income	234	460
Non-deductible expenses	-	528
Other assessable income	(292)	4,144
Under/(over-provision) in prior year	5	-
Accrued fees not recognised in prior year	(25)	-
<b>Income tax expense</b>	<b>3,649</b>	<b>2,456</b>

The applicable weighted average effective tax rates are as follows:

24.29%      -64.55%\*

\* The significant negative weighted average effective tax rate in the prior year was the result of capital gains derived from the investment in AIFT.

#### (c) Amounts recognised directly in equity

	2015	2014
	\$'000	\$'000
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: Share issue costs and others	1,304	18
Aggregate deferred tax arising in the reporting period and directly debited to other comprehensive income	2,899	-

#### (d) Tax expense (income) relating to items of other comprehensive income

	2015	2014
	\$'000	\$'000
Net unrealised losses on investments taken to equity	2,898	-
Net realised losses on investments taken to equity	1	-
	<b>2,899</b>	-

### 10 Current assets – Cash and cash equivalents

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

	2015	2014
	\$'000	\$'000
<b>Current assets</b>		
Cash at bank	23,340	3,330

These accounts are earning interest at fixed and floating rates based on daily deposit rates.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 10 Current assets – Cash and cash equivalents (continued)

#### *ii) Classification as cash equivalents*

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See Note 2(e) for the Company's other accounting policies on cash and cash equivalents.

#### *(ii) 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 investments are made with National Australia Bank which is rated AA- by Standard & Poor.

### 11 Current assets – Trade and other receivables

	2015 \$'000	2014 \$'000
Dividends and distributions receivable	8,801	-
Interest receivable	76	6
GST receivable	2	-
Rebate income receivable	854	-
	<u>9,733</u>	<u>6</u>

#### *(a) Risk exposure*

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

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

	2015 \$'000	2014 \$'000
Financial assets at fair value through other comprehensive income	<u>172,170</u>	-

The Bennelong Alpha 200 Fund was closed during March 2015. The fair value of the full redemption from this fund made during the year was \$15.94 million (2014: N/A). Proceeds from the full redemption were invested into the Bennelong Long Short Fund, the Tribeca Alpha Plus Fund and the Qato Capital Market Neutral Long Short Fund.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 13 Non-current assets – Deferred tax assets

	2015 \$'000	2014 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Net unrealised losses on revaluation of investment portfolio	2,898	-
Net realised losses of investments	1	-
Recapitalisation and capital raising costs	972	96
D & O insurance runoff cover	70	83
Audit and tax fees	(17)	24
Charity fee accrued	493	-
<b>Total deferred tax assets</b>	<b>4,417</b>	<b>203</b>

In the prior year, deferred tax asset of \$477,000 relating to restructure costs had not been recognised until the probability of future taxable income was clarified. It was not booked for the current year.

#### Movements

		Total \$'000
<b>At 1 July 2013</b>		155
(Charged)/credited		
- to profit or loss		30
- to equity		18
<b>At 30 June 2014</b>		<b>203</b>
<b>At 30 June 2014</b>		203
(Charged)/credited		
- to other comprehensive income		2,899
- to profit or loss		454
- to equity		861
<b>At 30 June 2015</b>		<b>4,417</b>

### 14 Current liabilities - Trade and other payables

	2015 \$'000	2014 \$'000
Other payables	23	317

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

### 15 Non-current liabilities - Deferred tax liabilities

	2015 \$'000	2014 \$'000
Accrued income	153	-

#### Movements

		Total \$'000
<b>At 1 July 2014</b>		-
Charged/(credited)		
- profit or loss		153
<b>At 30 June 2015</b>		<b>153</b>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 16 Issued capital

#### (a) Share capital

	30 June 2015 Number '000	30 June 2014 Number '000	30 June 2015 \$'000	30 June 2014 \$'000
Ordinary shares - fully paid	184,047	620,734	200,248	3,528

#### (b) Other equity securities

	30 June 2015 Number '000	30 June 2014 Number '000
Options	181,424	-

#### (c) Movements in ordinary share capital

Details	Notes	Number of shares '000	\$'000
Opening balance - 1 July 2013		620,734	116,569
Costs of raising capital		-	(52)
Return of capital		-	(112,989)
Closing balance - 30 June 2014		620,734	3,528
Opening balance - 1 July 2014		620,734	3,528
Issue of shares - Wilson Foundation Pty Limited	16(h)	200,000	1,000
Share buyback - off market	16(f)	(417,750)	(2,089)
Cancellation of shares	16(g)	(401,149)	-
		1,835	2,439
Issue of shares	16(h)	181,818	200,000
Exercise of options - proceeds received	16(i)	394	434
Costs of raising capital		-	(2,625)
Closing balance - 30 June 2015		184,047	200,248

#### (d) Movements in options

Details		30 June 2015 Number '000
Opening balance 1 July 2014		-
Options issued	16(i)	181,818
Options exercised	16(i)	(394)
Balance 30 June 2015		181,424

#### (e) 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.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 16 Issued capital (continued)

#### (f) Buy-back

On 22 July 2014, the Company announced an equal access off-market share buy-back program commencing 24 July 2014. The buy-back period ended on 19 August 2014. The Company bought back 417,750,341 shares.

#### (g) Cancellation of shares

On 7 July 2014, at the General Meeting, the shareholders approved a share consolidation, consolidating every 220 shares on issue into 1 share in accordance with the terms outlined in the shareholders booklet dated 2 June 2014. Following completion of the consolidation process on the 3 September 2014, the Company had 1,835,227 ordinary shares on issue.

#### (h) Shares issue

On 9 July 2014, the Company announced the lodgment of a prospectus dated 7 July 2014 that sought to raise \$200 million. The capital raising was over-subscribed and as a result, on 8 September 2014, 181,818,182 fully paid ordinary shares were issued at \$1.10 per share. Options were issued and attached to the ordinary shares.

On 19 August 2014, 200 million shares were issued to the Wilson Foundation Pty Limited as trustee for the Wilson Foundation at 0.5 cents per share as approved by the shareholders at the General Meeting held on 7 July 2014. The shares were equivalent to \$1.10 upon consolidation.

#### (i) Options

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

As at June 2015, 393,995 options had been exercised for a total consideration of \$433,394.50, with the remaining balance of outstanding options being 181,424,187.

#### (j) Placement capacity

During the Annual General Meeting on 28 November 2014, the shareholders approved an additional 10% placement capacity. As at year end, there were no proceeds received.

#### (k) Capital risk management

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

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 17 Reserves and retained earnings

#### (a) Reserves

	2015 \$'000	2014 \$'000
<b>Investment reserves</b>		
Investment portfolio revaluation reserve	(6,763)	-
Investment portfolio realised gains/losses reserve	(3)	-
	(6,766)	-
<b>Other reserves</b>		
Security-based payment reserve	(3,781)	(3,781)
Profits reserve	14,923	-
	11,142	(3,781)
<b>Total reserves</b>	<b>4,376</b>	<b>(3,781)</b>
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements:</b>		
<i>Investment portfolio revaluation reserve</i>		
Net unrealised losses on investments	9,661	-
Income tax on net unrealised gains on investments	(2,898)	-
Closing balance - 30 June	6,763	-
<i>Investment portfolio realised gains/losses reserve</i>		
Net realised losses on investments	4	-
Income tax on net realised losses on investments	(1)	-
Closing balance - 30 June	3	-
<b>Total investment reserves</b>	<b>6,766</b>	-
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Security-based payment reserve</i>		
Opening balance	(3,781)	(35,476)
Adjustment on loss of control in AIFT	-	31,695
Closing balance - 30 June	(3,781)	(3,781)
<i>Profits reserve</i>		
Opening balance	-	-
Transfer from retained earnings	14,923	-
Closing balance - 30 June	14,923	-
<b>Total other reserves</b>	<b>11,142</b>	<b>(3,781)</b>

#### Nature and purpose of reserves

For a description of the nature and purpose of the reserves, refer to Notes 2(g) and 2(j).

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 17 Reserves and retained earnings (continued)

#### (b) Retained Earnings

Movements in retained earnings were as follows:

	Notes	2015 \$'000	2014 \$'000
Opening balance - 1 July		3,551	46,404
Net profit/(loss) for the year		11,372	(6,261)
Loss of control in AIFT - deconsolidation of reserves and retained earnings		-	(31,695)
Dividends	18(a)	-	(4,897)
Transfer to profits reserve	17(a)	(14,923)	-
Closing balance - 30 June		-	3,551

### 18 Dividends

	2015 \$'000	2014 \$'000
<b>a) Ordinary shares</b>		
Interim dividend for the 2014 financial year	-	1,862
Final dividend for the 2014 financial year	-	3,035
	-	4,897

2015  
\$'000

#### b) Dividends not recognised at year end

Since the end of the year, the Director's have declared a 2.0 cent per share fully franked dividend which has not been recognized as a liability at the end of the financial year.

3,681

#### (c) Dividend franking account

	2015 \$'000	2014 \$'000
<b>Opening balance of franking account</b>	538	-
Franking credits on dividends received	756	1,535
Tax paid during the year	386	1,102
Franking credits paid on ordinary dividends paid	-	(2,099)
Loss of franking credits under 45 day rule	-	-
<b>Closing balance of franking account</b>	1,680	538
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends, dividends declared	2,575	-
<b>Adjusted franking account balance</b>	4,255	538

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

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 19 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:

	30 June 2015 \$	30 June 2014 \$
<i>Audit and other assurance services</i>		
Review of financial statements - PricewaterhouseCoopers	16,830	68,000
Audit of financial statements - Moore Stephens Sydney	21,806	-
Total remuneration for audit and other assurance services	<u>38,636</u>	<u>68,000</u>
<i>Other services</i>		
Agreed upon procedures: non statutory review - PricewaterhouseCoopers	-	4,000
Total remuneration of auditors	<u>38,636</u>	<u>72,000</u>

At an Extraordinary General Meeting on 16 April 2015, the Company appointed Moore Stephens Sydney as the auditors of the Company.

### 20 Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

Jonathon Trollip (Chairman)  
Gabriel Radzyminski (Non-Executive Director)  
Paul Jensen (Non-Executive Director)  
Geoffrey Wilson (Non-Executive Director) (appointed 7 July 2014)  
David Paradice (Non-Executive Director) (appointed 13 April 2015)  
David Leeton (Non-Executive Director) (appointed 13 April 2015)  
Scott Malcolm (Non-Executive Director) (appointed 13 April 2015)  
Kate Thorley (Non-Executive Director) (appointed 13 April 2015)

#### a) Remuneration

The responsibility for the Company's remuneration policy rests with the Board. No remuneration committee has been formed.

On 28 November 2014, during the Company's Annual General Meeting, it was agreed that, for the purpose of clause 37 of the Company's Constitution and for all other purposes, the maximum aggregate annual remuneration that may be paid by the Company as remuneration for the services of the Company's non-executive Directors be decreased from \$1.2 million to NIL with effect on and from 1 July 2014.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 20 Key management personnel compensation (continued)

#### b) Share holdings

As at 30 June 2015, and the date of this report, the Company's Directors and their related parties held the following interests in the Company:

#### 30 June 2015

##### Ordinary Shares held

Directors	Balance at 30 June 2014	Acquisitions	Disposals	Balance at 30 June 2015
Jonathan Trollip	-	181,818	-	181,818
Gabriel Radzysinski	-	22,727	-	22,727
Paul Jensen	-	22,727	-	22,727
Geoffrey Wilson	-	4,170,000	-	4,170,000
David Paradice	-	1,000,000	-	1,000,000
David Leeton	-	546,364	-	546,364
Scott Malcolm	-	922,727	-	922,727
Kate Thorley	-	80,000	-	80,000

#### 30 June 2015

##### Options held

Directors	Balance at 30 June 2014	Acquisitions	Disposals	Balance at 30 June 2015
Jonathan Trollip	-	181,818	-	181,818
Gabriel Radzysinski	-	22,727	-	22,727
Paul Jensen	-	22,727	-	22,727
Geoffrey Wilson	-	2,340,909	-	2,340,909
David Paradice	-	1,000,000	-	1,000,000
David Leeton	-	636,364	-	636,364
Scott Malcolm	-	909,090	-	909,090
Kate Thorley	-	-	-	-

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

### 21 Related party transactions

Except as noted below, all transactions with related entities were made on normal commercial terms and conditions and at market rates.

Geoffrey Wilson is a Director of Wilson Asset Management (International) Pty Limited, Investment Manager of Wilson Asset Management Equity Fund. Wilson Asset Management (International) Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

Wilson Asset Management (International) Pty Limited provided initial management services, some company secretarial services, financial reporting, investor relations and marketing for the Company at no cost to the Company. Wilson Asset Management (International) Pty Limited is an entity associated with Geoffrey Wilson and Kate Thorley.

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 21 Related party transactions (continued)

Gabriel Radzyminski is Managing Director of Sandon Capital Pty Limited, Investment Manager of Sandon Capital Activist Fund. Sandon Capital Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

David Paradice is a Director of Paradice Investment Management Pty Limited which is the Trustee of the unregistered managed investment schemes Paradice Australian Equities Mid Cap Fund and Paradice Large Cap fund. Paradice Investment Management Pty Limited is a fund manager for the Company and has agreed to forgo all management and performance fees on the funds managed on behalf of the Company.

### 22 Contingencies

The Company had no contingent liabilities at 30 June 2015 (2014: transactions as per Implementation Deed completed on 19 February 2014).

### 23 Commitments

The Company has a commitment to accrue and pay a 1.0% charity donation to support Australian charities with a focus on children at risk. The charity donation commitment is calculated and accrued monthly and paid annually in arrears and is based on the Company's net assets before tax. The accrual commenced at the end of September 2014, being the month the Company relisted following recapitalisation pursuant to the Prospectus outlining the new business decision.

### 24 Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 \$'000	2014 \$'000
Profit/(loss) for the year	11,372	(6,261)
Amortisation of intangible assets	3	-
Rebate income reinvested	(770)	-
Dividends and distributions reinvested	(5,204)	-
Loss on disposal of subsidiary	-	450
Strategic initiatives and recapitalisation costs treated as financing activities	-	1,495
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(9,726)	5,362
Decrease in current tax assets	68	-
Decrease in other current assets	3	103
Decrease/(increase) in deferred tax assets	(189)	(47)
Increase/(decrease) in trade and other payables	1,350	(813)
Increase in deferred tax liabilities	153	-
Increase/(decrease) in current tax liabilities	3,231	(157)
Net cash inflow from operating activities	<u>291</u>	<u>132</u>

### 25 Non-cash investing and financing activities

	2015 \$'000	2014 \$'000
Dividends and distributions reinvested	5,204	-
Rebate income reinvested	770	-
	<u>5,974</u>	<u>-</u>

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 26 Events occurring after the reporting period

Since year end, the Board declared a final dividend of 2.0 cents per share fully franked to be paid on 23 October 2015.

No other matters or circumstances has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

### 27 Earnings per share

	2015 \$'000	2014 \$'000
Profit/(loss) after income tax used in the calculation of basic and diluted earnings per share	11,372	(6,261)
	<b>Number '000</b>	<b>Number '000</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share.	149,076	620,734

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## DIRECTORS' DECLARATION

The Directors of Future Generation Investment Company Limited declare that:

- 1) The financial report as set out in pages 31 to 60 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 26 to 27 are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2015 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3) The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the persons who performs the Chief Executive and Chief Finance Officer functions, respectively, for the purposes of the Corporations Act 2001.

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



---

**Jonathan Trollip**  
Chairman

**Dated 30<sup>th</sup> September 2015**

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## **Independent Auditor's Report**

**To the Members of Future Generation Investment Company Limited**

**A.B.N. 97 063 935 553**

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

We have audited the accompanying financial report of Future Generation Investment Company Limited ("the Company"), which comprises the statement of financial position as at 30 June 2015, 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 and fair presentation 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 is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

#### *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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, 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*.

## *Auditor's Opinion*

In our opinion:

- a) the financial report of Future Generation Investment Company Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 26 to 27 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's Opinion*

In our opinion the remuneration report of Future Generation Investment Company Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.



**Moore Stephens Sydney**



**Scott Whiddett**  
Partner

Dated in Sydney this 30<sup>th</sup> September 2015

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2015

Investment	Market Value \$	% of Gross Assets
Bennelong Australian Equities Fund	20,414,290	9.9%
Paradice Investment Management	20,042,091	9.8%
Paradice Large Cap Fund	10,324,392	5.0%
Paradice Australian Equities Mid Cap Fund	9,717,699	4.8%
Regal Australian Long Short Equity Fund	18,328,393	8.9%
Wilson Asset Management Equity Fund	15,311,804	7.5%
Watermark Absolute Return Fund	14,841,648	7.2%
Tribeca Alpha Plus Fund	13,948,793	6.8%
Eley Griffiths Group Small Companies Fund	13,501,621	6.6%
Cooper Investors Australian Equities Fund	10,338,058	5.0%
Optimal Australia Absolute Trust	9,520,876	4.6%
Sandon Capital Activist Fund	7,792,370	3.8%
Discovery Australian Small Companies Fund	7,416,230	3.6%
Bennelong Long Short Equity Fund	4,999,298	2.4%
LHC Capital Australia High Conviction Fund	4,855,286	2.4%
Smallco Broadcap Fund	4,751,512	2.3%
Qato Capital Market Neutral L/S Fund	3,058,460	1.5%
Lanyon Australian Value Fund	3,049,272	1.5%
	<b>172,170,002</b>	
<b>Cash and Term Deposits</b>	23,339,689	11.6%
<b>Dividends, Interest and Rebates receivable</b>	9,730,201	4.6%
	<b>205,239,892</b>	
<b>Gross Assets</b>	<b>205,239,892</b>	

# FUTURE GENERATION INVESTMENT COMPANY LIMITED

ABN 97 063 935 553

## ASX ADDITIONAL INFORMATION

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

### Shareholdings

#### Substantial shareholders (as at 31 August 2015)

There are currently no substantial shareholders of Future Generation Investment Company Limited.

#### Distribution of shareholders (as at 31 August 2015)

Category	Number of shareholders	
	Ordinary Shares	Options
1 – 1,000	642	3
1,001 – 5,000	1,014	473
5,001 – 10,000	2,078	428
10,001 – 100,000	243	1,295
100,001 and over	26	217
	<b>4,003</b>	<b>2,416</b>

The number of shareholdings held in less than marketable parcels is 553.

#### Twenty largest shareholders – Ordinary shares (as at 31 August 2015)

Name	Number of ordinary shares held	Percentage of issued capital held
S L Nominees Pty Limited (The Haskin Settlement A/C)	9,090,910	4.9%
The Minderoo Foundation Pty Limited (Minderoo Foundation A/C)	9,090,910	4.9%
UBS Wealth Management Australia Nominees Pty Limited	5,539,062	3.0%
Citicorp Nominees Pty Limited	4,671,235	2.5%
HSBC Custody Nominees (Australia) Limited	3,740,647	2.0%
Pineross Pty Limited	3,239,582	1.8%
Clurname Pty Limited	2,550,000	1.4%
Dynasty Peak Pty Limited (The Avoca Super Fund A/C)	2,250,000	1.2%
Mr V J Plummer	2,200,000	1.2%
Takita Exploration Pty Limited	1,755,234	1.0%
Charanda Nominee Company Pty Limited (Greycliffe Super Fund A/C)	1,500,000	0.8%
Mr W Blomfield	1,200,000	0.7%
VBS Investments Pty Limited	1,136,363	0.6%
JHCF Pty Limited (JHC Foundation A/C)	1,004,659	0.5%
Mr G V Day & Mrs A M Day (G V Day Super Fund A/C)	1,000,000	0.5%
Golden Words Pty Limited	1,000,000	0.5%
Mrs J T Hedges	1,000,000	0.5%
Neville Ward Super Pty Limited (The NW Ward Super Fund A/C)	1,000,000	0.5%
Mr J H Kilian Brunner	1,000,000	0.5%
	<b>54,968,602</b>	<b>29.0%</b>

#### Securities exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

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