



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

Future Generation Global Investment Company Limited

ABN 52 606 110 838

**APPENDIX 4D
HALF YEAR REPORT**

for the half year ended 30 June 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons for the half year ended 30 June 2017 (unless specified for 31 December 2017)

	up/down	% mvmt	\$'000
Revenue from ordinary activities	up	185.9%	17,112
Profit from ordinary activities before tax	up	353.8%	15,029
Net profit from ordinary activities after tax	up	279.6%	11,102
Total comprehensive income for the period	up	140.5%	25,684

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
June 2018 dividend cents per share	1.0	1.0	30.0%
June 2017 dividend cents per share	1.0	1.0	27.5%

Interim dividend dates

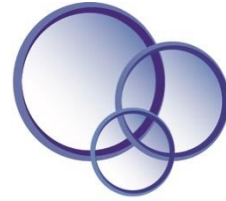
Ex-dividend date	8 October 2018
Record date	9 October 2018
Last election date for the DRP	11 October 2018
Payment date	26 October 2018

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked dividend of 1.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 2.5% discount to the price, calculated as the VWAP (volume weighted average market price) of shares sold on the ASX (on an ex-dividend basis) 4 trading days from the ex-dividend date inclusive of the ex-dividend date.

	30 Jun 2018	31 Dec 2017
Net tangible asset backing (per share) after tax	\$1.27	\$1.19

This report is based on the Half Year Financial Report for the six months ended 30 June 2018 which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

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Financial Report

For the half year ended 30 June 2018

Investing in Australia's future generation

ABN: 52 606 110 838

Future Generation Global Investment Company Limited

The principal activity of the Company is to provide diversified exposure to global equities while also helping to improve the lives of young Australians affected by mental health issues.

Chairman

Belinda Hutchinson AM

Directors

Geoff Wilson AO
Frank Casarotti
Karen Penrose
Sarah Morgan
Kiera Grant

Company Secretaries

Mark Licciardo
Kate Thorley

Investment Committee

Sean Webster (Chair)
Aman Ramrakha
Chris Donohoe
Geoff Wilson AO
Lukasz de Pourbaix

Chief Executive Officer

Louise Walsh

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details

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Sydney NSW 2001

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F: (02) 9247 6855

E: info@futuregeninvest.com.au

W: www.futuregeninvest.com.au

Australian Securities Exchange

Future Generation Global Investment Company
Limited Ordinary Shares (FGG)

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

T: (02) 9290 9600

F: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan and dividend donation plan) and related matters, please contact the share registry.

Future Generation Semi-annual Shareholder Presentations

Sydney

Tuesday 20 November 2018

Presentation: 12.15pm – 1.15pm

The Westin Sydney
1 Martin Place
Sydney NSW 2000

To be streamed live on our website www.futuregeninvest.com.au



Canberra

Monday 19 November 2018

12.15pm – 1.15pm
QT Hotel
1 London Circuit
Canberra ACT 2601

Brisbane

Thursday 22 November 2018

12.15pm – 1.15pm
Brisbane Convention & Exhibition Centre,
Cnr Merivale & Glenelg Streets
South Bank QLD 4101

Hobart

Friday 23 November 2018

12.15pm – 1.15pm
C3 Convention Centre
64 Anglesea Street
South Hobart TAS 7004

Adelaide

Monday 26 November 2018

12.15pm – 1.15pm
Adelaide Convention Centre
North Terrace
Adelaide SA 5000

Perth

Tuesday 27 November 2018

12.15pm – 1.15pm
Perth Convention & Exhibition Centre,
21 Mounts Bay Road
Perth WA 6000

Melbourne*

Thursday 29 November 2018

12.15pm – 1.15pm
Melbourne Convention & Exhibition Centre,
1 Convention Centre Place
South Wharf VIC 3006

*Future Generation Investment Forum will be held from 1.45pm – 3.15pm on Thursday 29 November in Melbourne

Contents

Directors' Report to Shareholders	1
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	15
Independent Auditor's Review Report	16

Directors' Report to Shareholders

For the half year ended 30 June 2018

The Directors present their report together with the financial report of Future Generation Global Investment Company Limited (FGG or the Company) for the half year ended 30 June 2018.

Directors

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

- Belinda Hutchinson AM, Chairman
- Geoff Wilson AO, Non-Executive Director
- Frank Casarotti, Non-Executive Director
- Karen Penrose, Non-Executive Director
- Sarah Morgan, Non-Executive Director
- Kiera Grant, Non-Executive Director (appointed 12 March 2018)
- Sue Cato, Non-Executive Director (resigned 12 March 2018)

Principal activity

The principal activity of the Company is to provide diversified exposure to global equities while also helping to improve the lives of young Australians affected by mental health issues.

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 the fund managers, the Board of Directors and service providers means an amount equal to 1.0% of the Company's average monthly net tangible assets for the relevant financial year can be provided as a source of funding for Australian youth mental health charities.

There was no significant change in the nature of the activity of the Company during the half year or is likely in the future.

Operating and financial review

For the six month period ended 30 June 2018, the Company delivered a record operating profit before tax and unrealised gains on investments of \$15.0 million (June 2017: \$3.3 million). During the period, the investment portfolio delivered solid performance, increasing 10.3% and outperforming the MSCI AC World Index (AUD) by 5.1%. Since inception, the investment portfolio has increased 10.0% per annum. This investment portfolio performance has been delivered with less volatility than the market as measured by its standard deviation, 8.2% versus 9.2%.

The net result after tax and net unrealised gains on investments for the period was \$25.7 million, representing a 140.5% increase on the prior comparative period (June 2017: \$10.7 million), reflecting the investment portfolio performance, increased distributions received over the period and the growth in assets of the Company.

The NTA before tax as at 30 June 2018 amounted to \$133 per share (December 2017: \$1.22). The NTA after tax was \$127 per share (December 2017: \$1.19).

During the period, the Company fully redeemed its position in the Ironbridge Global Focus Fund and deployed a portion of the redeemed funds to a new investment in the Munro Global Growth Fund.

At the date of this report the investment portfolio is managed by 14 fund managers with investments in 14 global funds.

The FGG investment portfolio has been structured to provide diversification between three broad equity strategies: long equities, absolute bias, quantitative strategies, with the remainder held in cash. As at 30 June 2018, the portfolio was 50.3% long equities, 35.4% absolute bias, 3.6% quantitative strategies and 10.7% cash.

The Company will pay its third annual donation in October 2018. The investment of \$3.6 million will be made in charities focused on children and youth mental health, bringing the total donation since inception to \$9.1 million.

Directors' Report to Shareholders

For the half year ended 30 June 2018

Fund managers and service providers

Shareholders have unprecedented access to leading global equity fund managers and make a significant contribution to youth mental health. This is made possible by the fund managers agreeing to forgo management and performance fees. Most service providers, Directors, the Audit and Risk Committee and the Investment Committee also work on a pro bono basis.

We would like to thank our fund managers and service providers for their outstanding and continued generosity throughout the period. The value of the management and performance fees forgone by the fund managers for the period totalled \$2.4 million (June 2017: \$1.6 million) and the value of the leading service providers, including the Board and Investment Committee working on a pro bono basis, totalled \$0.3 million (June 2017: \$0.3 million). Currently, we estimate the value of this pro bono support at approximately \$5.4 million per annum. At 14% of the assets of the Company, these savings to shareholders exceed the annual donation to charities.

Corporate tax rate

On 19 May 2017, the Federal Government enacted laws reducing the corporate tax rate to 27.5% for companies with turnover below \$25 million in the income tax year ended 30 June 2018. The turnover of the Company for the 2018 income tax year was less than \$25 million and therefore, it was eligible for the reduced corporate tax rate of 27.5% as at the end of the period.

An amendment to limit the entities subject to the lower corporate tax rate was introduced by the Federal Government and passed on 23 August 2018, subsequent to the end of the period. The Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 amended the law to limit the lower corporate tax rate to base rate entities with no more than 80% passive income. With these measures being passed, the Company is no longer eligible for the reduced corporate tax rate and will be taxed at the maximum corporate tax rate of 30% going forward. The maximum franking rate applicable for dividends in the 2019 income year is therefore 30%, in line with the corporate tax rate applicable to the Company.

After balance sheet date events

Since the end of the period, the Company has declared a dividend of 1.0 cents per share fully franked to be paid on 26 October 2018.

As noted above, an amendment to limit the entities subject to the lower corporate tax rate was introduced by the Federal Government and passed on 23 August 2018, subsequent to the end of the period. As a result, the Company is no longer eligible for the reduced corporate tax rate and will be taxed at the maximum corporate tax rate of 30% going forward.

On 28 August 2018, the Board of Directors announced a Share Purchase Plan (SPP) and Placement. The SPP offers existing shareholders* the opportunity to acquire up to \$15,000 worth of ordinary shares in FGG, without incurring any brokerage, at a fixed price of \$1.34 per share and will close on 5 October 2018. The Board currently intends to offer existing FGG professional and sophisticated investors** the ability to participate in a Placement at \$1.34 per share, the same fixed price as the SPP. The Placement is currently expected to occur in the first week of October 2018.

No other matter or circumstance has occurred subsequent to period 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 periods.

Rounding of amounts

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

*Shareholders on the FGG register as at 7:00 pm (AEST) on Monday, 27 August 2018 with a registered address in Australia or New Zealand.

**These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

Directors' Report to Shareholders

For the half year ended 30 June 2018

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 in relation to the review for the half year is set out on page 4 of the financial report.

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



Belinda Hutchinson AM

Chairman

Dated in Sydney this 28th day of August 2018



Auditor's Independence Declaration
To the Directors of Future Generation Global Investment Company Limited
A.B.N. 52 606 110 838

In relation to the independent review for the half year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

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

S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

28 August 2018

Statement of Comprehensive Income

For the half year ended 30 June 2018

	Note	June 2018 \$'000	June 2017 \$'000
Investment income from ordinary activities			
Distributions received		13,897	4,616
Investment management and performance fee rebates	2	1,887	1,276
Foreign exchange gains		1,148	-
Interest income		166	69
Other income		14	24
		17,112	5,985
Expenses			
ASX listing fees		-	-
Share registry maintenance costs		-	-
Directors' fees		-	-
Accounting fees		-	-
Charity donation accrual	3	(1,887)	(1,548)
Foreign exchange losses		-	(945)
Share registry transaction costs		(31)	(31)
Executive remuneration		(55)	(55)
Other expenses		(104)	(86)
ASX CHESS fees		(4)	(6)
Tax fees		(2)	(2)
		(2,083)	(2,673)
Profit before income tax		15,029	3,312
Income tax expense		(3,927)	(387)
Profit after income tax for the period attributable to members		11,102	2,925
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised and realised gains on investments taken to equity, net of tax		14,582	7,753
Other comprehensive income for the period, net of tax		14,582	7,753
Total comprehensive income for the period		25,684	10,678
Basic and diluted earnings per share		3.75 cents	1.06 cents

The accompanying notes form part of these half year financial statements

Statement of Financial Position

As at 30 June 2018

	Note	June 2018 \$'000	December 2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		43,268	25,073
Trade and other receivables		9,893	837
Other current assets		-	204
Total current assets		53,161	26,114
Non-current assets			
Financial assets at fair value through other comprehensive income	7	345,793	336,793
Intangible assets		5	6
Deferred tax assets		1,661	2,404
Total non-current assets		347,459	339,203
Total assets		400,620	365,317
LIABILITIES			
Current liabilities			
Trade and other payables		88	87
Charity donation accrual	3	3,630	1,744
Current tax liabilities		3,179	357
Total current liabilities		6,897	2,188
Non-current liabilities			
Deferred tax liabilities		16,203	11,293
Total non-current liabilities		16,203	11,293
Total liabilities		23,100	13,481
Net assets		377,520	351,836
EQUITY			
Issued capital	5(a)	322,172	322,172
Investment reserves	6(a)	42,443	27,861
Profits reserve	6(a)	12,905	1,803
Retained earnings	6(b)	-	-
Total equity		377,520	351,836

The accompanying notes form part of these half year financial statements

Statement of Changes in Equity

For the half year ended 30 June 2018

	Note	Issued capital \$'000	Investment reserves \$'000	Profits reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2017		301,320	1,785	1,714	-	304,819
Net profit for the period		-	-	-	2,925	2,925
Other comprehensive income, net of tax		-	7,753	-	-	7,753
Transactions with owners:						
Contributions of equity, net of transaction costs and tax		719	-	-	-	719
Transfer to profits reserve		-	-	2,925	(2,925)	-
Balance at 30 June 2017		302,039	9,538	4,639	-	316,216
Balance at 1 January 2018		322,172	27,861	1,803	-	351,836
Net profit for the period		-	-	-	11,102	11,102
Other comprehensive income, net of tax		-	14,582	-	-	14,582
Transactions with owners:						
Transfer to profits reserve	6(a)	-	-	11,102	(11,102)	-
Balance at 30 June 2018		322,172	42,443	12,905	-	377,520

The accompanying notes form part of these half year financial statements

Statement of Cash Flows

For the half year ended 30 June 2018

	June 2018 \$'000	June 2017 \$'000
Cash flows from operating activities		
Interest received	166	69
Rebate income received	-	18
Distributions received	4,064	-
Income taxes paid	(985)	(1,673)
Payments for other expenses	(179)	(220)
Net cash provided by/(used in) operating activities	3,066	(1,806)
Cash flows from investing activities		
Payments for financial assets	(26,801)	(6,484)
Proceeds from sale of financial assets	40,782	19,599
Payments for purpose of intangible assets	-	(7)
Net cash provided by investing activities	13,981	13,108
Cash flows from financing activities		
Shares issued via the exercise of options	-	669
Net cash provided by financing activities	-	669
Net increase in cash and cash equivalents	17,047	11,971
Cash and cash equivalents at the beginning of the period	25,073	16,605
Effects of exchange rate changes on cash and cash equivalents	1,148	(945)
Cash and cash equivalents at the end of the period	43,268	27,631
Non-cash investing activities		
Distributions, rebates and equalisation income reinvested	2,664	2,041

The accompanying notes form part of these half year financial statements

Notes to the Financial Statements

For the half year ended 30 June 2018

1. Summary of significant accounting policies

These interim financial statements and notes for the half year represent those of Future Generation Global Investment Company Limited (FGG or the Company).

The half year financial report was authorised for issue on 28 August 2018 by the Board of Directors.

Basis of preparation

These interim financial statements for the half year reporting period ended 30 June 2018 are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements of FGG also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Financial Report for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except for cashflow information, the interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise stated.

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 31 December 2017 Annual Financial Report.

2. Investment income from ordinary activities

As at 30 June 2018, the investment portfolio was made up of 14 global fund managers with investments in 14 unlisted unit trusts.

Where available, the Company has invested in unit classes that have zero management and performance fees. The unit trusts with a zero fee unit class are the Avenir Value Fund, Neuberger Berman Systematic Global Equity Trust and Manikay Global Opportunistic Fund.

The aggregated amount of management and performance fees foregone by the unit trusts with a zero fee unit class for the six months ended 30 June 2018 was \$0.5 million (June 2017: \$0.3 million).

The remaining investments are made in unit trusts with global fund managers that normally charge management and performance fees. These fund managers have rebated the fees charged. The aggregate amount of management and performance fees rebated to the Company was \$1.9 million for the six months ended 30 June 2018 (June 2017: \$1.3 million).

The estimated value of the other pro bono services provided to the Company for the six months ended 30 June 2018 totalled \$0.3 million (June 2017: \$0.3 million).

Notes to the Financial Statements

For the half year ended 30 June 2018

3. Charity donation

In line with the Company's stated objectives, the Company will donate a percentage of its assets to Australian charities supporting youth mental health. The donation is accrued monthly and is equal to 1.0% of the Company's average monthly net tangible assets. All donations are made to charities with Deductible Gift Recipient ("DGR") status. The donation represents a tax deduction for the Company.

For the 6 months ended 30 June 2018, the amount recognised in the Statement of Comprehensive Income was \$1.9 million (June 2017: \$1.5 million).

As at 30 June 2018, the twelve month accrued commitment is \$3.6 million (June 2017: \$3.0 million). The Company will pay its third annual donation in October 2018. The investment of \$3.6 million will be made in charities focused on children and youth mental health, bringing the total donation since inception to \$9.1 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies on a pro-rata basis between the designated charities.

4. Dividends

Dividends not recognised during the period

	June 2018 \$'000	June 2017 \$'000
Since the end of the half year, the Directors have declared a fully franked dividend of 1.0 cents per share payable on 26 October 2018 (June 2017: 1.0 cents per share fully franked)	2,961	2,958

5. Issued capital

a) Paid-up capital

	June 2018 \$'000	December 2017 \$'000
296,112,380 ordinary shares fully paid (December 2017: 296,112,380)	322,172	322,172

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

b) Movements in ordinary share capital

	June 2018 \$'000	December 2017 \$'000
Share capital		
Balance at the beginning of the period	322,172	301,320
18,651,718 ordinary shares issued from the exercise of options	-	20,516
296,050 ordinary shares issued on 27 October 2017 under a Dividend Reinvestment Plan	-	336
At reporting date	322,172	322,172

Notes to the Financial Statements

For the half year ended 30 June 2018

6. Reserves and retained earnings

a) Reserves

	June 2018 \$'000	December 2017 \$'000
Reserves		
Investment portfolio revaluation reserve	42,716	29,774
Investment portfolio realised losses reserve	(273)	(1,913)
Profits reserve	12,905	1,803
Total reserves	55,348	29,664

The profits reserve is made up of amounts transferred from current period profits which are preserved for future dividend payments. The investment portfolio revaluation reserve is used to record increments and decrements on the revaluation of the equity investments at fair value through other comprehensive income, net of potential tax. The investment portfolio realised losses reserve record gains or losses arising from the disposal of equity investments at fair value through other comprehensive income, that are designated on capital account for taxation purposes respectively.

Movements:

	June 2018 \$'000	December 2017 \$'000
Investment portfolio revaluation reserve		
Balance at the beginning of the period	29,774	2,585
Other comprehensive income	20,113	35,877
Income tax on other comprehensive income	(5,531)	(9,801)
Transfer to investment portfolio realised losses reserve, net of tax	(1,640)	1,113
At reporting date	42,716	29,774

	June 2018 \$'000	December 2017 \$'000
Investment portfolio realised losses reserve		
Balance at the beginning of the period	(1,913)	(800)
Transfer from investment portfolio revaluation reserve, net of tax	1,640	(1,113)
At reporting date	(273)	(1,913)

	June 2018 \$'000	December 2017 \$'000
Profits reserve		
Opening balance	1,803	1,714
Transfer from retained earnings	11,102	3,047
Dividends paid	-	(2,958)
At reporting date	12,905	1,803

Notes to the Financial Statements

For the half year ended 30 June 2018

6. Reserves and retained earnings (continued)

b) Retained earnings

	June 2018 \$'000	December 2017 \$'000
Retained earnings		
Net profit for the period	11,102	3,047
Transfer to profits reserve	(11,102)	(3,047)
At reporting date	-	-

7. Fair value measurements

The Company measures and recognises financial assets at fair value through other comprehensive income on a recurring basis. 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 (consistent with the hierarchy applied to financial assets and financial liabilities):

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2018 on a recurring basis:

At 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Unlisted unit trusts	-	345,793	-	345,793
Total financial assets	-	345,793	-	345,793

At 31 December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Unlisted unit trusts	-	336,793	-	336,793
Total financial assets	-	336,793	-	336,793

There were no transfers between levels for recurring fair value measurements during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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.

Notes to the Financial Statements

For the half year ended 30 June 2018

7. Fair value measurements (continued)

b) Valuation techniques used to determine fair value

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market are 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 asset backing of the unlisted unit trusts at the end of the period.

8. Income tax

On 19 May 2017, the Federal Government enacted laws reducing the corporate tax rate to 27.5% for companies with turnover below \$25 million in the income tax year ended 30 June 2018. The turnover of the Company for the 2018 income tax year was less than \$25 million and therefore, it was eligible for the reduced corporate tax rate of 27.5% as at the end of the period.

An amendment to limit the entities subject to the lower corporate tax rate was introduced by the Federal Government and passed on 23 August 2018, subsequent to the end of the period. The Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 amended the law to limit the lower corporate tax rate to base rate entities with no more than 80% passive income. With these measures being passed, the Company is no longer eligible for the reduced corporate tax rate and will be taxed at the maximum corporate tax rate of 30% going forward. The maximum franking rate applicable for dividends in the 2019 income year is therefore 30%, in line with the corporate tax rate applicable to the Company.

The effective tax rate of the Company for the period was 26.1% (2017: 11.7%). The increase in the effective tax rate from the comparative year is reflective of the over provision from 2016 which impacted the prior year tax expense, in addition to the level of franking credits and foreign income tax offsets received on the comparative period distributions.

9. Segment information

The Company is engaged in investing activities including cash, term deposits and investments in unlisted unit trusts. It has no reportable business or geographical segment.

10. Contingencies

There were no contingent liabilities for the Company at 30 June 2018 (December 2017: nil).

11. Commitments

The Company will contribute a percentage of its assets to Australian charities supporting youth mental health. The contribution is accrued monthly and is expected to be equal to 1.0% of the Company's average monthly net tangible assets. As at 30 June 2018, the 12 month accrued commitment is \$3.6 million (December 2017: \$1.7 million).

The Company will pay its third annual donation in October 2018. The investment of \$3.6 million will be made in charities focused on children and youth mental health, bringing the total donation since inception to \$9.1 million. The specific allocation to each charity will be determined by shareholder votes and directions, with the Board distributing undirected monies on a pro-rata basis between the designated charities.

Notes to the Financial Statements

For the half year ended 30 June 2018

12. Events occurring after the reporting period

Since the end of the half year, the Board declared a dividend of 1.0 cents per share fully franked to be paid on 26 October 2018.

As disclosed in Note 8, an amendment to limit the entities subject to the lower corporate tax rate was introduced by the Federal Government and passed on 23 August 2018, subsequent to the end of the period. As a result, the Company is no longer eligible for the reduced corporate tax rate and will be taxed at the maximum corporate tax rate of 30% going forward.

On 28 August 2018, the Board of Directors announced a Share Purchase Plan (SPP) and Placement. The SPP offers existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in FGG, without incurring any brokerage, at a fixed price of \$1.34 per share and will close on 5 October 2018. The Board currently intends to offer existing FGG professional and sophisticated investors¹ the ability to participate in a Placement at \$1.34 per share, the same fixed price as the SPP. The Placement is currently expected to occur in the first week of October 2018.

No other matter or circumstance has occurred subsequent to period 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 periods.

¹Shareholders on the FGG register as at 7:00 pm (AEST) on Monday, 27 August 2018 with a registered address in Australia or New Zealand.

²These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

Directors' Declaration

For the half year ended 30 June 2018

The Directors of Future Generation Global Investment Company Limited declare that:

- 1) The half year financial report as set out in pages 5 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance for the half year ended on that date.
- 2) 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.

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



Belinda Hutchinson AM
Chairman

Dated in Sydney this 28th day of August 2018

**Independent Auditor's Review Report
to the Members of Future Generation Global Investment Company Limited
A.B.N. 52 606 110 838**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Future Generation Global Investment Company Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Future Generation Global Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Future Generation Global Investment Company Limited is not 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 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



S M WHIDDETT
Partner

28 August 2018



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