

Ellerston Asian Investments Limited

ACN 606 683 729

Level 11, 179 Elizabeth Street

SYDNEY NSW 2000

24 August 2018

Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge St
SYDNEY NSW 2000

RESULTS FOR YEAR ENDED 30 JUNE 2018

Ellerston Asian Investments Limited (**ASX: EAI**) hereby lodges:

1. Appendix 4E Statement for the year ended 30 June 2018;
2. Annual Report and Financial Statements for the year ended 30 June 2018, incorporating the Chairman's Letter, Investment Manager's Report and Corporate Governance Statement.

Yours sincerely



Ian Kelly
Company Secretary
Phone: 02 90217797

Details of the reporting period.

Current Period: 1 July 2017 to 30 June 2018
 Previous Corresponding Period: 1 July 2016 to 30 June 2017

Results for announcement to the market

	Current period AUD (\$)	Previous corresponding period AUD (\$)
Revenue from ordinary activities	15,531,460	16,270,072
Profit/(loss) after tax from ordinary activities	9,323,781	9,094,644
Net profit/(loss) after tax for the period attributable to ordinary shareholders	9,323,781	9,094,644

Over the 12 months to June 30 2018, the portfolio returned net 11.97% (before all taxes) outperforming its benchmark MSCI Asia Ex Japan (AUD) Index for the corresponding period.

Period	EAI Return pre-tax*	MSCI Asia Ex Japan (AUD) Index
1 year	11.97%	11.59%
Since 01/11/2014	15.81%	24.48%

* Calculated net of expenses, reversing out the impact of tax paid and the impact of option dilution during the period.

Dividend Information

1 cent per fully paid ordinary share
 Fully franked at the tax rate of 27.5%
 From the Dividend Profit Reserve account

Final dividend dates:

Ex-dividend date	05 September 2018
Record date	06 September 2018
DRP election due date	07 September 2018
Payment date	05 October 2018
DRP discount	2.50%

The Company's ability to pay franked dividends is dependent on the Company paying income tax. As at 30 June 2018, the company had a realised franking account balance of 4.8 cents per share which gives the company capacity to pay a total maximum fully franked dividend of 12.7 cents per share based on the current number of shares on issue / 8.1 cents per share on a fully diluted basis.

Details of dividend reinvestment plan (DRP)

The Board of the Company has determined that in relation to the 2018 final dividend the DRP will operate as follows:

- A 2.5% discount will apply to the allocation price of the DRP;
- The allocation price of DRP is calculated based on the daily volume weighted average sale price (calculated to the nearest cent) of Shares traded on the Exchange over the 5 trading days commencing on 10 September 2018 and ending on 14 September 2018;
- Last DRP election date is 07 September 2018; and
- Share allocated under the DRP will be ranked equally with the existing ordinary shares.

Net tangible assets (NTA) per ordinary share

	Current period AUD (\$)	Previous corresponding period AUD (\$)
NTA before all taxes	1.1737	1.0540
NTA after realised tax (i)	1.1257	1.0540
NTA after tax	1.1290	1.0397

- (i) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line

Commentary on Results

For the year ended 30 June 2018, the Company recorded a pre-tax profit of \$12,568,994 and a net profit after income tax expense of \$9,323,781. The NTA before all taxes of the Company at the end of the period was 1.1737 and the NTA after tax was 1.1290.

For the period to 30 June 2018, the Company returned 11.97% before all taxes and 9.22% after tax, while the return of its benchmark MSCI AC Asia Ex-Japan Index (AUD) was 11.59%.

The Company will continue to pursue its objective of generating superior returns for shareholders over time, with a focus on risk management and capital preservation. Please refer to the Investment Managers' Report on the Company's annual financial report for more detailed commentary.

Information in this report is based on the 2018 annual financial report which has been audited by Ernst & Young. A copy of the 2018 annual financial report, including commentary related to the results of the Company, is attached for further detailed information and disclosures.

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ELLERSTON ASIAN
INVESTMENTS LIMITED

ASX: EAI

ABN 82 606 683 729

Financial Report

For the year ended 30 June 2018

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1.

Chairman's Letter

1. Chairman's Letter

For the year ended 30 June 2018

Dear Shareholders,

I am pleased to provide you with the third Annual Report for Ellerston Asian Investments Limited (EAI). We believe that every investment portfolio should have some exposure to Asia. The Asian region represents the best structural growth story in the world. Average GDP growth is over 5% and China and India, the region's two largest economies, are growing at 6.7% and 7.4%, respectively.

Asia is home to 4.5 billion people and approximately 60% of global consumers live in Asia. There are over 1 billion Millennials in the region and by 2030, it is expected that 4 of the 5 largest economies in the world will be in Asia. Asia is also home to global leaders in the technology sector including mega-cap companies like Tencent, Alibaba, Samsung and TSMC. Despite these factors, both Australian investors and global investors continue to be underweight the region. We expect this to change over the coming decade.

We continue to believe that large cap stocks offer the best risk reward profile in Asia. The average market cap of our portfolio is over \$100billion and the average of our Top 10 holdings is approximately \$250 billion.

The trade tensions between the US and China was an important factor influencing our macro outlook in the second half of FY18. To protect the portfolio from further escalation we have oriented the portfolio towards domestic demand counties and sectors. As such, India is our largest country overweight and our China portfolio is invested exclusively in domestic demand sectors like financials, consumer and internet.

We continue to find compelling investment opportunities in Asia and valuations are becoming increasingly attractive as equities have sold off on perceived policy fears rather than hard fundamentals. The MSCI Asia ex Japan Index at currently trading at only 11x PE. The average EPS growth of the EAI portfolio remains high at 18% on average and the PEG ratio is less than 1x. These metrics are very compelling.

Performance

We are pleased to report that the one year performance of EAI was 11.97% on a net basis to 30 June 2018, outperforming its benchmark the MSCI Asia Ex Japan (AUD) index. The NTA (before tax) increased from \$1.05 as of June 30, 2017 to \$1.17 as of June 30, 2018. The EAI share price has increased from \$0.94 of June 30, 2017 to \$1.07 of June 30, 2018.

As previously stated, we maintain a deliberate and measured approach in regards to the construction of the portfolio. Given the strict growth criteria for the Company, we do not have the option of rotating into defensive, high dividend yield stocks when the

1. Chairman's Letter

For the year ended 30 June 2018

market is risk-off. As such, we manage this dynamic predominantly via cash levels which have ranged between 3% and 14% throughout the year. As of 30 June 2018, cash was approximately 14%.

Financial Results & Dividends

For the period to 30 June 2018, the Company recorded a pre-tax profit of \$12,568,994 and a net profit after income tax expense of \$9,323,781.

You may recall that EAI did not pay a dividend in FY17. This was due to not having enough franking credits to pay a fully franked dividend which based upon investor feedback was the clear preference. Secondly, our aim is to have a sustainable dividend policy based on multiple years of profit reserves. In FY18 we have been very vigilant about realising gains and can advise that the dividend payable will be 1 cent per share fully franked.

Vesting of Loyalty Options

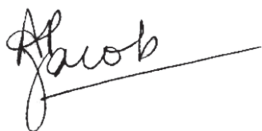
Under the initial public offering, loyalty options were issued to applicants on the basis of one loyalty option for every two shares issued under the General and Broker Firm Offer; and two loyalty options for every three shares issued under the Priority Offer for those investors who had a shareholding in Ellerston Asian Investments (EAI).

These loyalty options vested on 28 February 2016. We were pleased that of the maximum 68,979,453 loyalty options issued, 65,167,917 vested with an exercise price of \$1.00, these options have an expiry date of 28 February 2019 so we remind investors that this is approaching and that these options were trading at \$0.08 as at 30 June 2018.

Annual General Meeting

My fellow Directors and I look forward to meeting those of you who can attend the Annual General Meeting on 18 October 2018. We anticipate that the Notice of Annual General Meeting will be despatched to shareholders in the coming weeks.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ashok Jacob', with a long horizontal line extending from the end of the signature.

Ashok Jacob

Chairman

23 August 2018

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2.

Directors' Report

2. Directors' Report

For the year ended 30 June 2018

The directors of Ellerston Asian Investments Limited (the "Company") present their report together with the financial statements of the Company for the year ended 30 June 2018.

Directors

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

NAME	DIRECTORSHIP	APPOINTED
Ashok Jacob	Non-Independent Chairman	27 July 2015
Sam Brougham	Independent Non-Executive Director	23 July 2015
Paul Dortkamp	Independent Non-Executive Director	25 June 2015
Stuart Roberston	Independent Non-Executive Director	25 June 2015

Company Secretary

The following person was Company Secretary during the year and up to the date of this report:

NAME	APPOINTED
Ian Kelly	25 June 2015

Ian Kelly, BA LLB (Hons)

Ian Kelly has been the Company Secretary of Ellerston Asian Investments Limited for three years. He has been a practising solicitor for over 10 years.

Principal activities

The principal activity of the Company is to invest into a concentrated portfolio of between 20 to 50 Asian securities.

2. Directors' Report

For the year ended 30 June 2018

Review and results of operations

For the year ending 30 June 2018, the Company returned 13.26% (June 2017: 13.10%) gross on a pre-tax basis and 9.22% (June 2017: 9.18%) on a post-tax basis, while the return of its benchmark MSCI AC Asia Ex-Japan Index (AUD) was 11.60% (June 2017: 20.50%).

As at 30 June 2018 the Company had approximately 45% equity exposure to China/Hong Kong, 17% to India, 11% to South Korea, 7% to ASEAN and 7% to Taiwan.

As at 30 June 2018 the Company's Net Tangible Assets had increased to \$1.1737 per share before all taxes (compared to 30 June 2017 of \$1.0540 per share before all taxes) and to \$1.1290 per share post all taxes (compared to 30 June 2017 of \$1.0397 per share post all taxes).

For the year ended 30 June 2018, the Company recorded a pre-tax profit of \$12,568,994 (compared to 30 June 2017 of \$13,118,456 pre-tax profit) and a net profit after income tax expense of \$9,323,781 (compared to 30 June 2017 of \$9,094,644 net profit after income tax expense).

The operating results of the Company for the years ended 30 June 2018 and 30 June 2017 are:

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Net profit before income tax	12,568,994	13,118,456
Net profit after income tax	9,323,781	9,094,644

	As at	
	30 June 2018	30 June 2017
	\$	\$
Net tangible assets per share (NTA) - before tax	1.1737	1.0540
Net tangible assets per share (NTA) - after realised tax (i)	1.1257	1.0540
Net tangible assets per share (NTA) - after tax	1.1290	1.0397

The Net Tangible Assets as at 30 June 2018 is based on fully paid ordinary shares of 108,463,973 (June 2017: 111,600,739).

(i) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on

unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

On 18 September 2017, the Company announced a new on-market buy-back of up to 10% of its shares, commencing 27 September 2017 and continuing for twelve months. Since 27 September 2016 a total of 14,814,262 shares had been bought back. Please refer to Note 16 Issued Capital for further details.

Strategy and future outlook

The Company is predominantly invested in equities, with a focus upon the equities of Asian domiciled companies. The Company will continue to pursue its objective of generating superior returns for shareholders over time, with a focus on risk management and capital preservation.

Please refer to the Investment Managers' report on page 20 for a more detailed market outlook.

Dividends

The Directors have declared a fully franked dividend of 1.0 cent per fully paid ordinary share, which will be paid to shareholders on 5 October 2018 from the Company's dividend profit reserve account.

The Company intends to pay a dividend of at least 2 cents per annum (1 cent per half) to Shareholders going forward subject to various factors including financial conditions, corporate, legal and regulatory considerations.

After the payment of the 2018 final dividend the Company will have a dividend profit reserve of 11.7 cents per share on current shares on issue and 7.4 cents per share on a fully diluted basis.

More details of dividend payments are provided under Note 3 on page 61 of the report.

Dividend Profit Reserve

The Board aims to deliver a regular stream of fully franked dividends as the Company matures. To facilitate this, the Board has endorsed the creation of a dividend profit reserve.

The creation of the reserve enables any or part of current year or prior period profits not distributed as dividends to be set aside for payment of future dividends, rather than those profits remaining within retained earnings.

On 23 August 2018 the directors resolved to transfer approximately \$11,501,161 to the newly created dividend profit reserve which equates to 10.6 cents per share.

2. Directors' Report

For the year ended 30 June 2018

Significant changes in the state of affairs

In the opinion of the directors, other than what is noted in the 'Review and results of operations', there were no other significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2018.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Company in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

The Company provides quarterly updates and monthly NTA announcements, which can be found in the announcements section of the ASX website and in the Ellerston Asian Investments Limited section of the Ellerston Capital website, <https://ellerstoncapital.com/listed-investment-companies/ellerston-asian-investments>.

As markets continue to be subject to fluctuations, it is neither possible to accurately forecast the investment returns of the Company nor to provide a detailed outlook on the Company's future operations.

Rounding of amounts to the nearest dollar

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

Information on Directors

Ashok Jacob

Ashok has been a Director of the Company since 27 July 2015.

Ashok has over 34 years investment experience and has served as a Director and as Chief Investment Officer of the Manager since inception.

As Chairman and Chief Investment Officer, he has overall responsibility for, and plays a key role in the Company's investment decisions. He is supported by a team

of investment professionals, each of whom have significant skill and experience in different geographies, sectors and industries.

Ashok has held prominent positions including Chief Executive Officer of the Consolidated Press Holdings Group and Managing Director of Thorney Holdings, the investment arm for the Pratt Group. Ashok is an experienced board member and current appointments include: MRF Ltd and Thorney Opportunities Ltd and Chairman of Ellerston Asian Investments Limited. Previous directorships include Crown Ltd, Publishing and Broadcasting Ltd, Challenger Financial Group Ltd, Fleetwood Holdings Ltd, Ecorp Ltd, CPH Investment Group Ltd, Folkestone Ltd and Snack Foods Ltd. Ashok was also the Chairman of Hoyts Cinemas from 1999 until 2004.

Ashok holds an MBA from the Wharton School of the University of Pennsylvania (1984).

Sam Brougham

Sam Brougham has served as a Director of the Company since 23 July 2015.

Sam has over 33 years investment experience and is currently a Director of Ceres Capital, a private Melbourne-based investment firm he founded in 1999. Ceres Capital specialises in global equity investing.

In addition, Sam is involved in US real estate and other US and various Australian private equity investments.

Prior to Ceres Capital, Sam worked at Structured Asset Management, a successful hedge fund he co-founded in 1993 focusing predominantly on global equity markets.

From 1985 to 1993, Sam worked at JB Were and was a partner from 1988.

Sam spent his early career working for Price Waterhouse and received his economics degree from Adelaide University in South Australia.

Paul Dortkamp

Paul has been a Director of the Company since 25 June 2015.

Paul currently serves as the principal of Rivergum Investors, a consulting firm specialising in investment process and compliance.

Paul has a wide range of Board experience with extensive experience across the main asset classes. He is an external member of compliance committees for a wide range of registered schemes and responsible entities, having served on over 20 committees.

2. Directors' Report

For the year ended 30 June 2018

Prior to Rivergum Investors, Paul was Head of Asset Allocation and a Director of First State Fund Managers Limited (now Colonial First State Investments). He was Director of Trading & Funding at Security Pacific Gold from 1989 to 1990. Paul spent his early career working in the Securities Markets Department of the Reserve Bank of Australia.

Stuart Robertson

Stuart has served as a Director of the Company since 25 June 2015.

Stuart is currently engaged as a consultant by the Manager, responsible for deal origination, structuring and execution primarily in the unlisted market. He has extensive experience working with both listed and unlisted vehicles.

Stuart has broad experience in investment banking, funds management and alternative investments and has held senior roles at BT Funds Management and Zurich Australia.

Stuart is a qualified CA, a Fellow of FINSIA and graduate of the AICD. In addition he holds an MBA from the MGSM.

Directors' Meetings

The number of Board meetings, including meetings of the Board Committee, held during the year ended 30 June 2018 and the number of meetings attended by each Director is set out below:

NAME	BOARD MEETINGS HELD WHILE A DIRECTOR	ATTENDED	AUDIT AND RISK COMMITTEE MEETINGS HELD WHILE A DIRECTOR	ATTENDED	NOMINATION AND REMUNERATION COMMITTEE MEETINGS HELD WHILE A DIRECTOR	ATTENDED
Ashok Jacob	4	3	2	N/A	N/A	N/A
Sam Brougham	4	4	2	2	1	1
Paul Dortkamp	4	4	2	2	1	1
Stuart Robertson	4	4	2	2	1	1

Directors' Interest

Directors' relevant interests in shares and options, as notified by the Directors to the Australian Securities Exchange in accordance with the *Corporations Act 2001*, at the date of the report are set out below:

NAME	NUMBER OF ORDINARY SHARES	NUMBER OF LOYALTY OPTIONS
Ashok Jacob	1,160,000	666,666
Sam Brougham	500,000	333,333
Paul Dortkamp	50,000	25,000
Stuart Robertson	75,000	50,000

Remuneration Report (Audited)

This remuneration report outlines the remuneration arrangements of the Company for the year ended 30 June 2018. It details the remuneration arrangements for key management personnel (KMP) who are defined as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly.

The table below lists the terms of KMPs of the Company, including the Directors and the Manager, during the year ended 30 June 2018. The remuneration report has been prepared and audited in accordance with section 300A of the *Corporations Act 2001*.

NAME	POSITION	TERM AS KMP
Ashok Jacob	Non-Independent Executive Chairman	27 July 2015– present
Sam Brougham	Independent Non-Executive Director	23 July 2015– present
Paul Dortkamp	Independent Non-Executive Director	25 June 2015– present
Stuart Robertson	Independent Non-Executive Director	25 June 2015– present
Ellerston Capital Limited	Manager	15 September 2015–present

2. Directors' Report

For the year ended 30 June 2018

Remuneration of Directors and Chairman

The Independent Non-Executive Directors are remunerated by the Company. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Independent Non-Executive Directors. The remuneration of the Independent Non-Executive Directors is not linked to the performance or earnings of the Company.

Directors' fees

The Independent Non-Executive Directors' base remuneration is reviewed periodically. Base fees paid to each Director have remained unchanged from the time of their appointment. The amount of base remuneration is not dependent on the satisfaction of a performance condition, or on the performance of the Company, the Company's share price, or dividends paid by the Company.

The Directors have agreed that Ashok Jacob (Chairman) will not receive any fees whilst Sam Brougham, Paul Dortkamp and Stuart Robertson will each receive \$27,500 per annum (inclusive of superannuation) in fees, for acting as a Director of the Company. Ashok Jacob is a director and, through interposed entities, a shareholder of the Manager. As a director and indirect shareholder of the Manager, he will benefit from entry by the Manager into a Management Agreement with the Company and by the payment of fees under the Management Agreement.

Retirement benefits

The Company does not provide retirement benefits (other than superannuation) to the Independent Non-Executive Directors.

Other benefits (including termination) and incentives

The Company does not provide other benefits and incentives to the Independent Non-Executive Directors.

Remuneration of Ellerston Capital Limited

The Company has exclusively appointed Ellerston Capital Limited as the Manager to invest and manage all of the assets of the Company (including any controlled entity of the Company) for an initial term, which commenced on 15 September 2015, of 10 years pursuant to a successful application of waiver of ASX Listing Rule 15.16. After the end of the 'Term' (being the initial 10 years term or any renewed term), the Management Agreement will continue until terminated in accordance with the Management Agreement.

For the year ended 30 June 2018, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager was entitled to:

- (i) a management fee of 0.75% per annum (plus GST) of the pre tax net asset value of the investment portfolio, calculated and accrued monthly and paid monthly in arrears; and
- (ii) a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI AC Asia Ex Japan Index, calculated and accrued monthly and paid annually in arrears.

Details of management and performance fees are provided on note 19 on page 95.

Details of Remuneration

The Independent Non-Executive Directors were remunerated by the Company with a base fee only (inclusive of superannuation and GST). The Non-Independent Executive Chairman received no remuneration by the Company. The total amount paid or payable to the Directors by the Company for the years ended 30 June 2018 and 30 June 2017 is detailed below:

	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) 30 June 2018 \$	BASE FEE (INCLUSIVE OF SUPERANNUATION AND GST) 30 June 2017 \$
Independent Non-Executive Directors		
Sam Brougham	30,250	30,250
Paul Dortkamp	30,250	30,250
Stuart Robertson	30,250	30,250
Total KMP remunerated by the Company	90,750	90,750
Executive Director		
Ashok Jacob	Nil	Nil

The total amount paid or payable by the Company to the Independent Non-Executive Directors and Executive Director for the year ended 30 June 2018 was \$90,750. Details of the total amount paid or payable by the Company to the Manager was outlined in Note 19.

2. Directors' Report

For the year ended 30 June 2018

Service Agreements

Remuneration and other terms of employment for the Independent Non-Executive Directors are formalised in service agreements with the Company.

Sam Brougham Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 23 July 2015
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is \$27,500.

Stuart Robertson Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 25 June 2015
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is \$27,500.

Paul Dortkamp Independent Non-Executive Director and member of the Audit and Risk Committee, member of the Nomination and Remuneration Committee

- Commenced on 25 June 2015
- No term of agreement has been set unless the Director is not re-elected by the shareholders of the Company
- Base salary, inclusive of superannuation, is \$27,500.

Options and Shareholdings

	BALANCE AS AT 30 JUNE 2017	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2018
Directors				
Ashok Jacob				
• Ordinary shares	1,160,000	—	—	1,160,000
• Loyalty options	666,666	—	—	666,666
Sam Brougham				
• Ordinary shares	500,000	—	—	500,000
• Loyalty options	333,333	—	—	333,333
Paul Dortkamp				
• Ordinary shares	50,000	—	—	50,000
• Loyalty options	25,000	—	—	25,000
Stuart Robertson				
• Ordinary shares	75,000	—	—	75,000
• Loyalty options	50,000	—	—	50,000

2. Directors' Report

For the year ended 30 June 2018

	BALANCE AS AT 30 JUNE 2016	ADDITIONS/ (DISPOSALS)	EXERCISED OPTIONS	BALANCE AS AT 30 JUNE 2017
Directors				
Ashok Jacob				
• Ordinary shares	1,160,000	—	—	1,160,000
• Loyalty options	666,666	—	—	666,666
Sam Brougham				
• Ordinary shares	500,000	—	—	500,000
• Loyalty options	333,333	—	—	333,333
Paul Dortkamp				
• Ordinary shares	50,000	—	—	50,000
• Loyalty options	25,000	—	—	25,000
Stuart Robertson				
• Ordinary shares	75,000	—	—	75,000
• Loyalty options	50,000	—	—	50,000

End of audited remuneration report.

Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Company are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a willful breach of duty in relation to the Company.

During the year ended 30 June 2018, the Manager on behalf of the Company paid insurance premiums to insure the Directors and Officers of the Company. The terms of the contract prohibit the disclosure of the premiums paid.

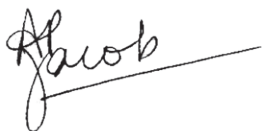
Proceedings on Behalf of the Company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 26.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Ashok Jacob', with a long horizontal stroke extending to the right.

Ashok Jacob

Chairman

23 August 2018

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3.

Investment Managers' Report

3. Investment Managers' Report

For the year ended 30 June 2018

ELLERSTON ASIAN INVESTMENTS (EAI) – Investment Managers Report

Ellerston Asian Investments (EAI) was launched in 2015 on the belief that Asia represents the best long term structural growth story in the world. Almost three years later, we maintain this view. The macro economic outlook for the region remains strong with average GDP growth over 5% and major economies like China, India and Indonesia are growing at 6-7% per year.

EAI is focused on providing investors access to this growth and we have constructed a high growth, high quality, large cap portfolio of Asian stocks. On average, the earnings of the stocks in the portfolio are growing at 20% with an average PE of less than 20x. This means the PEG ratio, namely the price we are paying for growth, is less than 1x. The equivalent metric for the ASX 200 is 3.8x (4% EPS growth and 15x PE). The EAI portfolio remains focused on large cap companies and has an average market cap of over \$100b.

Company Performance

We are pleased to announce that EAI posted strong absolute returns in FY18 and outperformed the benchmark. The fund was up 13.3% (gross) during the year and outperformed the benchmark by 0.4% (net of fees). The pre-tax NTA increased from \$1.0540 at 30 June 2017 to \$1.1737 at 30 June 2018.

Country-wise, China and Singapore were the biggest contributors to both absolute returns and alpha generation in FY18. Sector-wise, technology and financials were the biggest contributors to absolute returns for the year and industrials and financials were the biggest contributors to alpha.

Portfolio Snapshot as at 30 June 2018

The EAI portfolio is currently focused on domestic demand countries and sectors. India is one of the best domestic demand markets in the world and has been one of our largest and most consistent country overweights since inception. At the end of June, approximately 16.5% of the portfolio was in India versus a 10% benchmark weight.

FY18 was an important year for the Chinese equity market as MSCI included Chinese A shares in its indices for the first time. While the inclusion was not a big bang event, it has had the trickle effect of forcing international fund managers to analyse A shares as a group. We have held A shares since the inception of the fund and continue to like stocks like Midea and Moutai.

Taiwan and Korea remain underweights given they are low growth economies. The geopolitical tensions in Korea have significantly abated given the recent meeting between President Trump and Kim Jong Un. Our view is that the meeting lacked specifics, most importantly a time line, and that North Korean CVID (complete,

3. Investment Managers' Report

For the year ended 30 June 2018

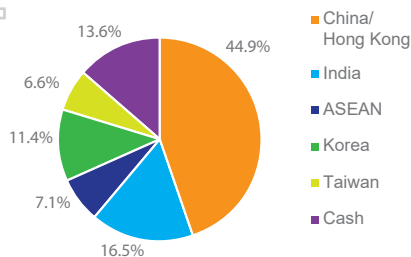
verifiable, irreversible, denuclearization) is unlikely. Furthermore, given that Trump recently pulled out of the Iran nuclear deal, America is not seen as a reliable negotiating partner in this respect.

We remain underweight ASEAN with our primary exposure to the region being investments in the Singapore banks. This has been the right call as ASEAN markets such as Indonesia and the Philippines were among the worst performing markets in FY18.

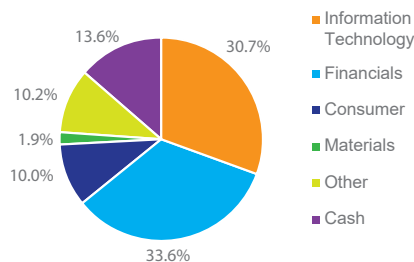
In terms of sector allocations, financials, consumer and technology remain our three core sectors accounting for approximately 75% of the portfolio. The table below outlines EAI's Top 10 positions and geographic and sector exposures as of 30 June 2018. Note that EAI is a concentrated strategy with over 44% of the portfolio in the Top 10 positions.

Top 10 Holdings	%	Country	Sector
TENCENT HOLDINGS LTD	7.6%	China	Technology
SAMSUNG ELECTRONICS CO LTD	6.3%	Korea	Technology
PING AN INSURANCE GROUP	5.2%	China	Financials
ALIBABA GROUP HOLDING LTD	4.7%	China	Technology
HONG KONG EXCHANGES & CLEARING	4.0%	Hong Kong	Financials
TSMC	3.7%	Taiwan	Technology
DBS GROUP HOLDINGS LTD	3.5%	Singapore	Financials
HDFC	3.2%	India	Financials
MARUTI SUZUKI	3.2%	India	Consumer
RELIANCE INDUSTRIES	3.0%	India	Industrials

Geographic Exposure



Sector Allocation



Outlook for FY19

There are 4 critical questions that will determine the path of equity markets in Asia in FY19: (1) How will the US-China trade war play out? (2) Will there be a liquidity driven sell off in Emerging Markets (EM) or will EM rebound from current levels? (3) Will there be any surprises in the upcoming elections in Indonesia, India and Thailand? And (4) Will Asian mega cap tech stocks continue to provide market leadership?

The US-China Trade War

Before delving into the specifics of the trade war, it is important to keep in mind that US actions on trade are not just about reducing the trade deficit, but are more broadly about stopping the rise of China. America is desperate to hang onto its hegemonic status which is why many of the trade policies are focused on derailing, or at least delaying, the China 2025 plan.

Made in China 2025 is a development blueprint to transform China's economy into a high tech, highly innovative manufacturing powerhouse that has achieved technological self-sufficiency in core components. Our view is that the US is about 10 years too late to derail China on these initiatives and that pursuing isolationist trade and foreign policies will only serve to facilitate China's relative rise.

We see 3 possible scenarios for trade relations between the US and China: negotiation, tit for tat escalation and extreme retaliation. In the negotiation scenario, China concedes on some trade issues (i.e. more agriculture and oil imports, reduction of duties on autos, opening up key service sectors) but does not concede on the major tenets of the China 2025 policy. This is a possibility if Trump wants a political win prior to the mid-term elections in November 2018 but is looking increasingly less likely.

In the escalation scenario, the US imposes tariffs on an increasingly high dollar value of Chinese goods and China retaliates with tariffs of "equal scale and equal strength." This is obviously a lose-lose-lose outcome for the Chinese, American and global economies. This outcome would also create ongoing uncertainty in markets, but the uncertainties that are ultimately manageable. Timing wise, there are two possibilities in this scenario: either escalation continues for political purposes until the mid-term elections and then de-escalates after that, or trade tensions are the new normal and continue like this for years, not unlike the US-Japan trade war in the 1980s.

The final scenario for the trade war is extreme retaliation. This includes either or both side using unconventional, non-tariff retaliation tactics including the Chinese

3. Investment Managers' Report

For the year ended 30 June 2018

selling US Treasuries, China significantly depreciating the RMB, imposing travel/study restrictions, increased regulation and backlash against US companies doing business in China or Chinese companies doing business in America. This outcomes is also lose-lose but is potentially very destabilizing for global markets. Our view is that this scenario is very unlikely and will only occur if none of the other options work.

To position for the uncertainty involved with a trade war, our China portfolio consists almost exclusively of domestic demand sectors including banks, insurers, consumer discretionary, internet and property. We are also overweight domestic demand countries like India because the Indian economy is not embroiled in any of the current trade war disputes.

Stress in Emerging Markets

The MSCI Emerging Markets Index sold off over 10% from its January 2018 high to June 30, 2018. This is a result of a so-called "triple tightening" comprised of higher interest rates, higher oil prices and a stronger US Dollar. Fundamentals in Asia remain strong, however if the Fed raises interest rates at a faster pace than anticipated then we could see further pressure in Emerging Markets similar to the Taper Tantrum in 2013.

In light of the potential ongoing stress in Emerging Markets, we have no positions in some of the weakest Asian EM countries (Philippines, Indonesia, Malaysia) and are underweight ASEAN as a region.

Elections in India, Indonesia and Thailand

There are 3 important elections in Asia in FY19: Indonesia, India and Thailand. Our base case is currently that Jokowi will return to power in Indonesia, Modi will return to power in India (although likely with a smaller majority or a minority government) and the Thai elections will go ahead and the country will transition from military to civilian rule without any major issues. However, as recent elections elsewhere in the world have shown (Brexit, Trump, Italy, Malaysia), in the current environment there is always the possibility of a major upset. As such, we are monitoring these situations closely and not taking any political outcomes for granted.

Will Asia mega cap Tech continue to lead the market?

BAT is an acronym often used for the 3 largest Chinese internet companies: Baidu, Alibaba and Tencent. These companies have a combined market cap of approximately AUD 1.5 trillion and constitute over 12% of the MSCI Asia ex Japan benchmark and 33% of MSCI China. In FY18 these stocks massively outperformed the Asian benchmark, up over 40%. Not unlike the FAANG stocks in the US, given

the huge weights of these stocks, it will be difficult for the benchmark as a whole to perform well if these stocks lose their leadership momentum and/or de-rate.

Recently Tencent has sold off sharply given regulatory changes in the online gaming industry in China. We see this issue as lasting one or two quarters, but feel comfortable with the longer term outlook for Tencent. Alibaba and Baidu have fared relatively well and we continue to like the China internet space as a group going into FY19.

Risk Management & Currency

We constantly review and re-evaluate every stock position in the portfolio. We have investing rules, including stop losses, to limit downside risk and are also very focused on avoiding downside earnings risk in the portfolio. In addition to limiting downside risk, we are disciplined in realizing profits on the upside. We have weekly meetings to review stock and market technical indicators which facilitates the process of taking profits when things become overbought. In terms of currency, the portfolio is hedged to the benchmark for all currencies with a greater than 10% weight in the Index.

Conclusion

The outlook for Asian stocks in FY19 is currently clouded by the unknowns surrounding the outcome of the trade war between the US and China and Emerging Market macro risk. However, we expect some clarity on this situation, good or bad, in the first half of FY19. The long term macroeconomic outlook in Asia remains robust and, following the recent sell off, valuations are very attractive. We are comfortable with the stock specific stories in our portfolio. We look forward to an exciting year ahead and continued engagement with EAI investors.

Sincerely,



Mary Manning

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4.

Auditor's Independence Declaration

4. Auditor's Independence Declaration

For the year ended 30 June 2018



Ernst & Young
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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Ellerston Asian Investments Limited

As lead auditor for the audit of Ellerston Asian Investments Limited for the financial year ended 30 June 2018, I declare 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.

Ernst & Young

Ernst & Young

Rohit Khanna

Rohit Khanna
Partner
23 August 2018

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5.

Corporate Governance Statement

5. Corporate Governance Statement

For the year ended 30 June 2018

Ellerston Asian Investments Limited (“the Company”) is a listed investment company whose shares are traded on the Australian Securities Exchange (“ASX”). The Company has appointed Ellerston Capital Limited as its Investment Manager (“the Manager”).

The Company’s Directors and the Manager recognise the importance of good corporate governance. The Company’s corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company. All of the Company’s corporate governance policies and procedures are subject to regular review.

A summary of the Company’s corporate governance policies is set out below with reference to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Recommendations”). The Company has adopted the ASX Recommendations to the extent it has considered them to be relevant. Where the Company’s corporate governance practices do not align with the ASX Recommendations, this corporate governance statement will disclose the basis for this departure.

Principle 1: Lay solid foundations for management and oversight

The responsibilities of the Board are set down in the Company’s Board Charter. A copy of the Company’s Board Charter is available at:

<https://ellerstoncapital.com/listed-investment-companies/ellerston-asian-investments/>

The role of the Board is to act in the best interests of the Company. The Board is responsible for the Company’s overall direction, management and corporate governance.

5. Corporate Governance Statement

For the year ended 30 June 2018

The Company has no full time employees and has appointed Ellerston Capital Limited as its Manager. Investment, operational and company secretarial services are provided by the Manager pursuant to the terms of the Management Agreement. Under the Management Agreement, the Manager has discretion to make investments in accordance with the investment strategy subject to the following restrictions that require the written approval of the Board:

- Entering into or causing to be entered into a derivatives contract unless there are sufficient assets available to support the underlying liability;
- Delegation of any of the Manager's discretionary management powers except to a related body corporate of the Manager;
- Charging or encumbering any asset in the investment portfolio in any way (other than arises by lien in the ordinary course of business or statutory charge);
- Engaging in securities lending; and
- Borrowing any money or incur any liability by way of financial accommodation.

The Board has full discretion to approve or deny any proposal from the Manager.

ASX Recommendations 1.1, 1.2 and 1.3 are not relevant given the Manager's appointment by the Company.

Principle 2: Structure the Board to add value

The skills, experience and expertise of the Board and term of office of each Director who is in office as at the date of the Annual Report are included in the Directors' Report. Details of each Directors background, date of appointment and attendance at Board meetings are set out in the Directors' Report.

The Company's constitution provides that there must be a minimum of three and a maximum of seven Directors.

The Board has three Independent Directors and one Non-Independent Director. Sam Brougham, Paul Dortkamp and Stuart Robertson are considered to be independent as they have no direct involvement in the management of the investment portfolio and are free of any business or other relationship which could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgment. The Chairman, Ashok Jacob, is not independent. The Board has departed from ASX Recommendation 2.2 on the basis of the breadth and depth of the Chairman's investment experience and the value that experience brings to shareholders.

The Board has adopted a Nomination and Remuneration Committee Charter. The Charter is available at:

<https://ellerstoncapital.com/listed-investment-companies/ellerston-asian-investments/>

The Nomination and Remuneration Committee Policy has been adopted by the Board. The Policy establishes a Committee to advise and support the Board with respect to its remuneration and nomination obligations. The Nomination and Remuneration Committee met on 21 June 2018.

The Nomination and Remuneration Committee will assess:

- the role and composition of the Board, its processes and Board committees;
- the performance of the Board, the Chairman, the Executive and Non-Executive Directors;
- whether there is sufficient succession planning in place and any further considerations required by the Board; and
- the Board's performance against its corporate governance processes.

The Board has resolved that any committee it establishes will be entitled to obtain independent professional or other advice at the cost of the Company.

Board skills matrix

The table sets out the key skills and experience of the Directors and the extent to which they are represented on the Board and its committee. Each Director has the following skills:

- understanding shareholder value
- sufficient time to undertake the role appropriately
- honesty and integrity

5. Corporate Governance Statement

For the year ended 30 June 2018

Board Skills:

BOARD SKILLS AND EXPERIENCE	BOARD	AUDIT AND RISK COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE
Total Directors	4 Directors	3 Directors	3 Directors
Executive leadership	4 Directors	3 Directors	3 Directors
Governance	4 Directors	3 Directors	3 Directors
Strategy	4 Directors	3 Directors	3 Directors
Risk	4 Directors	3 Directors	3 Directors
Financial acumen	4 Directors	3 Directors	3 Directors
Remuneration/Human Resources	4 Directors	3 Directors	3 Directors
Public policy/Regulation	4 Directors	3 Directors	3 Directors

New Director induction

New Directors will be expected to understand the Company's business and its policies and procedures. Directors are expected to maintain the skills and knowledge required to discharge their obligations. New Directors will be inducted on a case to case basis taking into account their individual background and expertise.

Principle 3: Promote ethical and responsible decision making

Code of Conduct for Directors

The Company has a Code of Conduct for Directors (the “Code”). The Code can be found at:

<https://ellerstoncapital.com/listed-investment-companies/ellerston-asian-investments/>

The Code’s purpose is to:

- articulate the high standards of honesty, integrity, ethical and law abiding behavior expected of directors;
- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors);
- guide directors as to the practices thought necessary to maintain confidence in the Company’s integrity; and
- set out the responsibility and accountability of directors to report and investigate any reported violations of this code or unethical or unlawful behavior.

Securities Trading Policy

The Company has a Securities Trading Policy that sets out the circumstances in which the Company’s Directors and key management personnel of the Company and their associates may trade in the Company’s securities.

The Policy imposes restrictions and notification requirements surrounding trading of Company Securities such as blackout periods, trading windows and the need to obtain pre-trade approval. A copy of the Company’s Securities Trading Policy has been lodged with the Australian Securities Exchange (ASX) and is available on the Company’s website.

Diversity

The Company has not established a Diversity Policy or set measureable objectives for gender diversity as per ASX Recommendations 3.2 and 3.3. Given that all services are provided by the Manager, the Board considers that adopting a diversity policy is not warranted, but will review these recommendations on an ongoing basis.

5. Corporate Governance Statement

For the year ended 30 June 2018

Principle 4: Safeguard integrity in financial reporting

The Company has established an Audit and Risk Committee comprised of the following:

- Paul Dortkamp
- Stuart Robertson
- Sam Brougham

Details of each committee member's background and attendance at Audit and Risk Committee meetings are set out in the Directors' Report.

The Chairman of the Committee is an Independent Non-Executive Director and is not the Chairman of the Board. The committee consists of three Independent Non-Executive Directors and two representatives from the Manager attending by invitation subject to exclusion by the Committee where a conflict of interest exists.

Objectives and responsibilities of the Committee

The objective of the Committee is to assist the Board to discharge its responsibilities in relation to:

- Effective management of financial and operational risks
- Compliance with applicable laws and regulations
- Accurate management and financial reporting
- Maintenance of an effective and efficient audit
- High standards of business ethics and corporate governance.

These objectives are set out in the Committee's Charter, which is available on the Company's website:

The Committee will endeavor to:

- Maintain and improve the quality, credibility and objectivity of the financial accountability process;
- Promote a culture of compliance within the Company;
- Ensure effective communication between the Board, the Manager and other service providers and agents;
- Ensure effective audit functions and communications between the Board and the Company's auditor;
- Ensure that compliance strategies are effective;
- Ensure that Directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them.

The Committee will meet regularly throughout the year with the Chairman providing regular reporting to the Board.

Independent external audit

The Company's independent external auditor is Ernst & Young. The Committee is responsible for recommending to the Board the appointment and removal of the external auditor. The independence and effectiveness of the external auditor is reviewed regularly. The Committee is also responsible for ensuring that the external audit engagement partners are rotated in accordance with the relevant statutory requirements and otherwise after a maximum of five years' service.

The external auditors attend the committees' meetings when the Company's half year and full year Financial Statements are being considered. The external auditors also attend other meetings where relevant items are on the Committee's agenda.

The Company's external auditors attend the Company's Annual General Meeting and are available to answer questions from shareholders in relation to the conduct of the audit, the Audit Report, the accounting policies adopted by the Company in preparing Financial Statements and the independence of the auditors.

5. Corporate Governance Statement

For the year ended 30 June 2018

CEO Declaration

The CEO of the Manager for the Company will make certifications to the Board for each half year to the effect that:

- the financial records of the Company for the financial year have been properly maintained;
- the Company's Financial Statements and notes applicable thereto give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations;
- the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Board; and
- the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 5: Make timely and balanced disclosure

The Company has adopted a Continuous Disclosure Policy that is designed to ensure that the Company:

- Complies with its continuous disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules;
- Provide shareholders and the market with timely, direct and equal access to information issued by it;
- Identifies information that is not generally available and which may have a material effect on the price or value of the Company's securities and is appropriately considered by the Directors for disclosure to the market.

The Continuous Disclosure Policy is available from the Company's website and sets out procedures as to the release of announcements to the market. Following the release of any announcement to the ASX, all announcements will be made available on the Company's website.

Principle 6: Respect the rights of Shareholders

Shareholders in the Company are entitled to vote on significant matters impacting the business.

The Company has adopted a Shareholders Communication Policy and is committed to regularly communicating with its shareholders in a timely, accessible and clear manner with respect to both the procedural and major issues affecting Company. The Company seeks to recognise numerous modes of communication including electronic communication. All shareholders are invited to attend the Company's Annual General Meeting, either in person or by representative. The Board encourages all shareholders to attend and participate in the Company annual meeting of shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors. The external auditor is required to attend the Annual General Meeting and be available to answer questions.

Principle 7: Recognise and manage risk

The Board, through the Audit and Risk Committee, is responsible for ensuring: the oversight and management of material business risks to the Company; the review of reports provided by the Manager and other services providers and agents appointed by the Company;

- that effective systems are in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- the monitoring of compliance with laws and regulations applicable to the Company.

Risks assessed include:

- implementing strategies (strategic risk);
- outsourced services and operations or external events (operational and investment risk);
- legal and regulatory compliance (legal risk);
- changes in community expectation of corporate behaviour (reputation risk);
- being unable to fund operations or convert assets into cash (liquidity risk); and
- contingency plans in the event of incapacity of the Executive Director/Portfolio Manager (personnel risk).

5. Corporate Governance Statement

For the year ended 30 June 2018

The Company has implemented risk management and compliance frameworks. These frameworks ensure that:

- an effective control environment is maintained;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided to the Board and its respective Committees; and
- compliance with the law, contractual obligations and internal policies (including the Corporate Code of Conduct) is communicated and demonstrated.

Assurance

In respect of the year ended 30 June 2018 the Chairman for the Company has made the following certifications to the Board:

- (i) the Company's Financial Statements and notes applicable thereto represent a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations; and
- (ii) the risk management and internal compliance and control systems are sound, appropriate, operating efficiently and effectively managing the Company's material business risks.

Principle 8: Encourage enhanced performance

Although the Company has a Board, it has no remunerated employees. The Manager performs the key management roles of the Company. The Board will ensure that it performs the functions recommended in the ASX Corporate Governance Principles (to the extent that these functions are relevant to the Company's business) through the Nomination and Remuneration Committee. As the Company has no remunerated employees, the Company will monitor performance pursuant to the Management Agreement and will address performance annually and as required. A review was conducted in 2018. The Company will provide disclosure of its Directors' remuneration in its Annual Report. The aggregate Directors' remuneration is capped at \$500,000 per annum in accordance with the Company's Constitution.

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6.

Statement of Comprehensive Income

6. Statement of Comprehensive Income

For the year ended 30 June 2018

		Year ended 30 June 2018 \$	30 June 2017 \$
	Notes		
Investment income			
Interest income		107,825	387,011
Dividend income		3,393,179	1,803,353
Net foreign exchange losses		(3,170)	(127,190)
Net changes in fair value of financial assets and liabilities at fair value through profit or loss	8	12,033,626	14,206,898
Total investment income		15,531,460	16,270,072
Expenses			
Directors fees	21	90,750	90,750
Management and performance fees	19	1,042,674	996,294
Custody and administration fees		86,612	86,612
Audit and tax fees	20	53,460	55,700
Registry fees		51,250	51,250
Transaction costs		1,195,441	1,476,193
Withholding taxes		284,034	239,166
ASX fees		99,000	99,000
Other expenses		59,245	56,651
Total operating expenses		2,962,466	3,151,616
Net profit before income tax		12,568,994	13,118,456
Income tax expense	15	(3,245,213)	(4,023,812)
Net profit after income tax		9,323,781	9,094,644
Other comprehensive income/(loss)		—	—
Total comprehensive income		9,323,781	9,094,644

		Year ended 30 June 2018 \$	30 June 2017 \$
	Notes		
Basic earnings per share (cents per share)	17	8.69	7.77
Diluted earnings per share (cents per share)	17	8.47	7.77

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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7.

Statement of Financial Position

7. Statement of Financial Position

As at 30 June 2018

		As at	
		30 June 2018	30 June 2017
	Notes	\$	\$
Current assets			
Cash and cash equivalents	13	16,102,615	8,832,184
Receivables		431,405	423,889
Due from brokers		7,438,328	10,927,915
Financial assets held at fair value through profit or loss	9	110,126,603	97,798,896
Total current assets		134,098,951	117,982,884
Non-current assets			
Deferred tax asset	15	364,198	–
Total non-current assets		364,198	–
Total assets		134,463,149	117,982,884
Current liabilities			
Payables		205,638	149,088
Management and performance fees payable	19	92,256	80,782
Due to brokers		6,283,451	–
Current tax liability		5,209,136	–
Financial liabilities held at fair value through profit or loss	10	214,479	123,046
Total current liabilities		12,004,960	352,916
Non-current liabilities			
Deferred tax liability	15	–	1,599,725
Total non-current liabilities		–	1,599,725
Total liabilities		12,004,960	1,952,641
Net assets		122,458,189	116,030,243

7. Statement of Financial Position

As at 30 June 2018

		As at 30 June 2018	30 June 2017
	Notes	\$	\$
Equity			
Issued capital	16	107,332,460	110,228,295
Retained earnings		12,893,714	5,801,948
Dividend profit reserve	12	2,232,015	—
Total equity		122,458,189	116,030,243

The above statement of financial position should be read in conjunction with the accompanying notes.

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8.

Statement of Changes in Equity

8. Statement of Changes in Equity

For the year ended 30 June 2018

	Notes	Issued capital \$	Retained earnings/ (losses) \$	Dividend profit reserve \$	Total \$
Balance as at 1 July 2017		110,228,295	5,801,948	–	116,030,243
Total comprehensive income for the year		–	9,323,781	–	9,323,781
Share buyback		(6,174,069)	–	–	(6,174,069)
Transfer to dividend profit reserve account		–	(2,232,015)	2,232,015	–
Shares issued from exercise of options		3,278,234	–	–	3,278,234
Balance as at 30 June 2018	16	107,332,460	12,893,714	2,232,015	122,458,189
Balance as at 1 July 2016		117,560,983	(3,292,696)	–	114,268,287
Total comprehensive income for the year		–	9,094,644	–	9,094,644
Share buyback – 27 September to 30 June 2017		(7,332,688)	–	–	(7,332,688)
Balance as at 30 June 2017	16	110,228,295	5,801,948	–	116,030,243

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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9.

Statement of Cash Flows

9. Statement of Cash Flows

For the year ended 30 June 2018

		Year ended 30 June 2018	30 June 2017
	Notes	\$	\$
Cash flows from operating activities			
Purchase of financial instruments held at fair value through profit or loss		(177,501,624)	(223,258,747)
Proceeds from sale of financial instruments held at fair value through profit or loss		188,206,712	199,749,089
Amounts transferred from brokers as collateral		73,558	14,848,703
Dividend received		1,928,775	1,402,287
Interest received		107,241	388,001
Other income received		2,827	13,181
Management and performance fees paid		(1,031,200)	(994,439)
Custody and administration fees paid		(80,362)	(103,640)
Other expenses paid		(1,539,728)	(1,795,536)
Net cash inflow/(outflow) from operating activities	14	10,166,199	(9,751,101)
Cash flows from financing activities			
Shares bought back		(6,174,069)	(7,332,688)
Exercise of options		3,278,234	—
Net cash outflow from financing activities		(2,895,835)	(7,332,688)
Net increase/(decrease) in cash and cash equivalents		7,270,364	(17,083,789)
Cash and cash equivalents at the beginning of the year		8,832,184	25,918,282
Effect of foreign currency exchange rate changes on cash and cash equivalents		67	(2,309)
Cash and cash equivalents at the end of the year	13	16,102,615	8,832,184
Non-cash operating activities			
Reinvestment of investor dividends		1,211,493	—

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

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10.

Notes to the Financial Statements

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10. Notes to the Financial Statements

For the year ended 30 June 2018

1 General information

This financial report is for Ellerston Asian Investments Limited (the “Company”) for the year ended 30 June 2018.

The Company was incorporated and registered on 25 June 2015 and commenced trading on the Australian Stock Exchange (“ASX”) on 15 September 2015.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia. Its shares (ASX code: EAI) and options (ASX code: EAIO) are publicly traded on the ASX.

The financial report was authorised for issue by the directors on 23 August 2018. The directors have the power to amend and reissue the financial report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the first full period presented, unless otherwise stated in the following text.

(a) Basis of preparation

This report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

Compliance with International Financial Reporting Standards

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

10. Notes to the Financial Statements

For the year ended 30 June 2018

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments held for trading
These include derivative financial instruments such as forward currency contracts, options and equity derivatives. All derivatives are classified as held for trading. Hedge accounting is not applied by the Company.
- Financial instruments designated at fair value through profit or loss upon initial recognition
Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. These include investments in exchange traded equity instruments that are not held for trading purposes and which may be sold.

(ii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(b) **Financial instruments (continued)**

(iii) *Measurement*

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of financial position initially at fair value. All transaction costs for such instruments are recognised directly in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income in the period in which they arise.

Fair value is 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.

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

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in note 7.

10. Notes to the Financial Statements

For the year ended 30 June 2018

2 Summary of significant accounting policies (continued)

(b) **Financial instruments (continued)**

(iv) *Offsetting financial instruments*

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

(c) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

(d) **Due from/to brokers**

Due from/to brokers comprise cash held as collateral for open derivative positions, and amounts receivable and payable for securities transactions that have not yet settled at year end.

(e) **Investment income**

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Interest income is recognised in the Statement of Comprehensive Income for all financial instruments not at fair value through profit or loss using the effective interest method. Interest earned on financial assets classified as 'at fair value through the profit or loss' is recorded in 'Interest income' according to the terms of the contract.

Other income is brought to account on an accruals basis.

2 Summary of significant accounting policies (continued)

(e) **Investment income (continued)**

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(f) **Expenses**

Company expenses are recognised in the Statement of comprehensive income on an accrual basis.

(g) **Income tax**

Under current legislation, the Company is subject to income tax at 30% on taxable income.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the Statement of comprehensive income. Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted.

10. Notes to the Financial Statements

For the year ended 30 June 2018

2 Summary of significant accounting policies (continued)

(g) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised when there is a taxable temporary difference between the tax base of an asset or liability and its corresponding carrying amount in the Statement of financial position. This arises when the carrying amount of an asset exceeds its tax base.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(h) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Australian dollar is the Company's functional and presentation currency.

2 Summary of significant accounting policies (continued)

(h) **Foreign currency translation (continued)**

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income as 'Net foreign exchange gains/(losses)'.

(i) **Goods and services tax (GST)**

The Company is registered for GST. The issue or redemption of shares in the Company and, where applicable, the receipt of any distributions will not be subject to GST. The Company may be required to pay GST on management and other fees, charges, costs and expenses incurred by the Company. However, the Company may be entitled to input tax credits and reduced input tax credits in respect of the GST incurred.

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

(j) **Earnings per share**

Details of the Company's basic and diluted earnings per share calculation are provided on note 17.

10. Notes to the Financial Statements

For the year ended 30 June 2018

2 Summary of significant accounting policies (continued)

(k) Share capital

Ordinary shares are classified as equity. Details of ordinary shares issued on exercise of the options are provided on note 16. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Share options

Share options are measured at the fair value of consideration received at the date of issue within equity.

(m) Receivables

Receivables are recognised when a right to receive a payment is established. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(n) Payables

Payables and trade creditors are recognised when the Company becomes liable. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair value.

(o) Dividends

Dividends are recognised as a liability in the year which they are declared.

(p) Segment reporting

Operating segments are reported in a manner consistent with the Company's internal reporting provided to the director's.

2 Summary of significant accounting policies (continued)

(q) Rounding of amounts

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

(r) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates. The Company's significant accounting estimates and judgements include fair value measurement of financial assets and financial liabilities that are not traded in an active market. Details on the determination of fair value are provided on note 7(ii).

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Company. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

10. Notes to the Financial Statements

For the year ended 30 June 2018

2 Summary of significant accounting policies (continued)

(s) **New accounting standards and interpretations (continued)**

(i) **AASB 9 *Financial Instruments* (and applicable amendments)**

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 July 2018.

The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as those carried at fair value through profit or loss are expected to continue to be measured at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss and financial assets at amortised cost are immaterial, the change in impairment rules will not materially impact the Company.

(ii) **AASB 15 *Revenue from Contracts with Customers***

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.

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.

The Company's main sources of income are interest, dividends 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 the new revenue recognition rules to have a significant impact on

2 Summary of significant accounting policies (continued)

- (s) **New accounting standards and interpretations (continued)**
(ii) **AASB 15 Revenue from Contracts with Customers (continued)**

the Company's accounting policies or the amounts recognised in the financial statements.

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

- (t) **Comparative disclosures**

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation.

3 Dividends

Dividends are recognised during the year when declared. As the company matures, the board aims to deliver a regular stream of fully franked dividends. For details of dividends declared at 30 June 2018 refer to note 23.

Dividend profit reserve

To the extent that any current year profits or prior period accumulated profits are not distributed as dividends, the Company may set aside some or all of the undistributed profits to a separate dividend profit reserve, to facilitate the payment of future dividends, rather than maintaining these profits within retained earnings. For further information refer to note 12.

Dividend Reinvestment Plan

The Company has established a Dividend Reinvestment Plan (DRP) under which eligible shareholders may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares rather than by being paid in cash.

10. Notes to the Financial Statements

For the year ended 30 June 2018

4 Segment information

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The Company operates in one business segment being equity investment, and in one geographic segment, Australia, however the Company has foreign exposures as it invests in companies which operate internationally.

5 Capital and financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on ensuring compliance with the Company's investment strategy and seeks to maximise the returns derived for the level of risk to which the Company is exposed. The Company may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Manager under a Management Agreement approved by the Board of Directors.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Market risk

(i) Price risk

The Company is exposed to price risk on equity securities listed or quoted on recognised securities exchanges and equity linked derivatives. Price risk arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future

5 Capital and financial risk management (continued)

(a) **Market risk (continued)**

(i) *Price risk (continued)*

will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Company manages the price risk through ensuring that all investment activities are undertaken in accordance with the Company's investment strategy.

The table at note 5(b) summarises the sensitivity of the Company's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Company invests move by +/- 10% (2017:+/- 10%).

(ii) *Foreign exchange risk*

The Company invests internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates.

The Company's policy is to limit its currency exposure on both monetary and non-monetary financial instruments to the Investment guidelines as established in its Prospectus. Forward currency contracts have been primarily used to hedge against foreign currency risks on its non-Australian dollar denominated investments. For accounting purposes, the Company does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The table below summarises the fair value of the Company's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

10. Notes to the Financial Statements

For the year ended 30 June 2018

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

	HKD	TWD	KRW	INR	All other foreign currencies	Total
30 June 2018	\$	\$	\$	\$	\$	\$
Monetary and Non-Monetary Assets and Liabilities						
Monetary Assets and Liabilities						
Cash and cash equivalents	3,141	-	-	-	7,121	10,262
Cash at Broker – Margin Accounts	68,497	-	-	-	-	68,497
Receivables	179,541	162,500	-	18,964	-	361,005
Payables	-	-	-	-	3,894	3,894
Due to brokers – payable for securities purchased	(3,758,243)	(1,233,275)	-	-	(1,291,933)	(6,283,451)
Total Monetary Assets and Liabilities	(3,507,064)	(1,070,775)	-	18,964	(1,280,918)	(5,839,793)

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

	HKD	TWD	KRW	INR	All other foreign currencies	Total
30 June 2018	\$	\$	\$	\$	\$	\$
Non-Monetary Assets and Liabilities						
Financial assets held at fair value through profit or loss	48,226,441	8,399,767	14,455,267	19,735,316	19,309,126	110,125,917
Financial liabilities held at fair value through profit or loss	(12,394)	(71,203)	(29,635)	(14,594)	(5,308)	(133,134)
Total Non- Monetary Assets and Liabilities	48,214,047	8,328,564	1,4425,632	19,720,722	19,303,818	109,992,783
Gross value of foreign exchange forward contracts	6,600,000	10,801,990	7,060,094	(4,000,000)	1,297,240	21,759,324
Net Exposure to Foreign Currency on Monetary and Non- Monetary Assets and Liabilities	51,306,983	18,059,779	21,485,726	15,739,686	19,320,140	125,912,314

10. Notes to the Financial Statements

For the year ended 30 June 2018

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

	HKD	TWD	KRW	INR	All other foreign currencies	Total
30 June 2017	\$	\$	\$	\$	\$	\$
Monetary and Non-Monetary Assets and Liabilities						
Monetary Assets and Liabilities						
Cash and cash equivalents	-	-	5,106	-	1	5,107
Cash at Broker – Margin Accounts	4,061	-	-	-	-	4,061
Receivables	224,413	174,099	-	-	-	398,512
Due from brokers – receivable for securities sold	1,162,551	1,157,972	1,150,272	-	-	3,470,795
Payables	-	-	-	-	3,894	3,894
Total Monetary Assets and Liabilities	1,391,025	1,332,071	1,155,378	-	3,895	3,882,369
Non-Monetary Assets and Liabilities						
Financial assets held at fair value through profit or loss	33,561,715	10,235,263	14,629,274	18,066,299	19,952,238	96,444,789
Financial liabilities held at fair value through profit or loss	-	(39,664)	(66,727)	-	-	(106,391)
Total Non-Monetary Assets and Liabilities	33,561,715	10,195,599	14,562,547	18,066,299	19,952,238	96,338,398

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

	HKD	TWD	KRW	INR	All other foreign currencies	Total
30 June 2017	\$	\$	\$	\$	\$	\$
Gross value of foreign exchange forward contracts	-	6,590,637	5,566,775	-	-	12,157,412
Net Exposure to Foreign Currency on Monetary and Non-Monetary Assets and Liabilities	34,952,740	18,118,307	21,284,700	18,066,299	19,956,133	112,378,179

Monetary assets as at 30 June 2018 were comprised only of cash and cash equivalents and receivables. There were payables and due to brokers as monetary liabilities as at 30 June 2018.

The table at note 5(b) summarises the sensitivity of the Company's monetary and non-monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10% (2017: 10%) against the foreign currencies to which the Company is exposed.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing except for cash and cash equivalents. Hence the impact of interest rate risk on profit is not considered to be material to the Company.

10. Notes to the Financial Statements

For the year ended 30 June 2018

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating Interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2018	\$	\$	\$	\$
Assets				
Cash and cash equivalents	16,102,615	–	–	16,102,615
Receivables	–	–	431,405	431,405
Due from brokers	7,438,328	–	–	7,438,328
Financial assets held at fair value through profit and loss	–	–	110,126,603	110,126,603
Liabilities				
Due to brokers	–	–	(6,283,451)	(6,283,451)
Payables	–	–	(205,638)	(205,638)
Management and performance fee payable	–	–	(92,256)	(92,256)
Financial liabilities held at fair value through profit and loss	–	–	(214,479)	(214,479)
Net exposure	23,540,943	–	103,762,184	127,303,127

5 Capital and financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating Interest rate	Fixed interest rate	Non-interest bearing	Total
30 June 2017	\$	\$	\$	\$
Assets				
Cash and cash equivalents	8,832,184	–	–	8,832,184
Receivables	–	–	423,889	423,889
Due from brokers	7,447,449	–	3,480,466	10,927,915
Financial assets held at fair value through profit and loss	–	–	97,798,896	97,798,896
Liabilities				
Payables	–	–	(149,088)	(149,088)
Management and performance fee payable	–	–	(80,782)	(80,782)
Financial liabilities held at fair value through profit and loss	–	–	(123,046)	(123,046)
Net exposure	16,279,633	–	101,350,335	117,629,968

10. Notes to the Financial Statements

For the year ended 30 June 2018

5 Capital and financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and net assets attributable to shareholders subjected to price risk, interest rate risk and foreign exchange risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and the historical correlation of the Company's investments with relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Company invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Price risk		Interest rate risk	
	Impact on operating profit/ Net assets attributable to shareholders			
	-10%	+10%	-1%	+1%
	\$	\$	\$	\$
30 June 2018	(15,156,355)	15,156,355	(235,409)	235,409
30 June 2017	(11,349,864)	11,349,864	(162,796)	162,796

Foreign exchange risk Impact on operating profit/Net assets attributable to shareholders						
-10%	+10%	-10%	+10%	-10%	+10%	
HKD	HKD	TWD	TWD	KRW	KRW	
\$	\$	\$	\$	\$	\$	
30 June 2018	(5,130,698)	5,130,698	(1,805,977)	1,805,977	(2,148,572)	2,148,572
30 June 2017	(3,495,274)	3,495,274	(1,811,831)	1,811,831	(2,128,470)	2,128,470

5 Capital and financial risk management (continued)

(c) **Credit risk**

Credit risk is the risk that a counterparty will be unable to pay its contractual obligations in full when they fall due, causing a financial loss to the Company.

The Company does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and amounts due from brokers. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of financial position.

Trading with recognised and creditworthy third parties only is a way that the Company manages credit risk. The Company does not consider counterparty risk to be significant, as the Company only trades with recognised and creditworthy third parties. The Standard and Poor's long term foreign issuer credit rating of the Company's counterparties as at 30 June 2018 and 30 June 2017 are:

- A for State Street Corporation (2017: A);
- AA- for Australia and New Zealand Banking Group Ltd (2017: AA-);
- A+ for Morgan Stanley & Co International PLC (2017: A+); and
- AA- for National Australia Bank Ltd (2017: AA-).

(d) **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Investment Manager monitors the Company's cash-flow requirements daily taking into account upcoming income, expenses and investment activities. The assets of the

10. Notes to the Financial Statements

For the year ended 30 June 2018

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

Company are largely in the form of listed securities which are considered readily convertible to cash.

(i) *Maturities of non-derivative financial liabilities*

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non- stated maturity	Total
At 30 June 2018	\$	\$	\$	\$	\$	\$
Payables	166,022	39,616	–	–	–	205,638
Management and performance fees payable	92,256	–	–	–	–	92,256
Due to brokers - payable for securities purchased	6,283,451	–	–	–	–	6,283,451
Contractual cash flows (excluding derivatives)	6,541,729	39,616	–	–	–	6,581,345

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(i) *Maturities of non-derivative financial liabilities (continued)*

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non- stated maturity	Total
At 30 June 2017	\$	\$	\$	\$	\$	\$
Payables	114,408	34,680	–	–	–	149,088
Management and performance fees payable	80,782	–	–	–	–	80,782
Contractual cash flows (excluding derivatives)	195,190	34,680	–	–	–	229,870

(ii) *Maturities of net settled derivative financial instruments*

The table below analyses the Company's net settled derivative financial instruments based on their contractual maturity. The Company may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non- stated maturity	Total
30 June 2018	\$	\$	\$	\$	\$	\$
Options	102,129	–	–	–	–	102,129
Forwards	(5,308)	(126,080)	–	–	–	(131,388)
Contracts for differences	–	–	–	–	(80,659)	(80,659)
Total net settled derivatives	96,821	(126,080)	–	–	(80,659)	(109,918)

10. Notes to the Financial Statements

For the year ended 30 June 2018

5 Capital and financial risk management (continued)

(d) Liquidity risk (continued)

(ii) *Maturities of net settled derivative financial instruments (continued)*

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non- stated maturity	Total
30 June 2017	\$	\$	\$	\$	\$	\$
Forwards	–	(91,238)	–	–	–	(91,238)
Contracts for differences	–	528,397	809,056	–	–	1,337,453
Total net settled derivatives	–	437,159	809,056	–	–	1,246,215

(e) Capital management

The Company's objective in managing capital and investment is to maximise compound after-tax returns for shareholders over time by investing in an investment portfolio of global equity securities using the Managers distinctively contrarian high conviction, benchmark independent investment approach. The strategy is to acquire a portfolio of stocks which the Manager believes are in a period of price discovery and offer an attractive risk/reward profile.

The Company recognises that its capital position and market price will fluctuate in accordance with market conditions and, in order to adjust the capital structure, it may vary the amount of dividends paid, issue new shares or options from time to time, or buy back its own shares.

A breakdown of the Company's equity and changes in equity during the current year is provided in note 16.

6 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of financial position are disclosed in the first three columns of the tables below.

Financial assets

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2018	\$	\$	\$	\$	\$	\$
Derivative financial instruments (i)	104,561	—	104,561	(83,091)	—	21,470
Total	104,561	—	104,561	(83,091)	—	21,470

Financial assets

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net Amount
30 June 2017	\$	\$	\$	\$	\$	\$
Derivative financial instruments (i)	1,369,261	—	1,369,261	(31,809)	—	1,337,452
Total	1,369,261	—	1,369,261	(31,809)	—	1,337,452

10. Notes to the Financial Statements

For the year ended 30 June 2018

6 Offsetting financial assets and financial liabilities (continued)

Financial liabilities

	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amount of financial liabilities	Gross amounts set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/received	Net Amount
30 June 2018	\$	\$	\$	\$	\$	\$
Derivative financial instruments (i)	214,179	—	214,179	(83,091)	(100,000)	31,388
Total	214,179	—	214,179	(83,091)	(100,000)	31,388
30 June 2017						
Derivative financial instruments (i)	123,046	—	123,046	(31,809)	(91,238)	—
Total	123,046	—	123,046	(31,809)	(91,238)	—

(i) Master netting arrangement

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, the net position owing/receivable to a single counterparty in the same currency will be taken as owing/receivable and all the relevant arrangements terminated. These amounts have not been offset in the Statement of financial position, but have been presented separately in the above table.

7 Fair value measurement

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

- Financial assets/liabilities designated at fair value through profit or loss (see note 9 and 10)
- Financial assets/liabilities held for trading (see note 9 and 10)
- Derivative financial instruments (see note 11)

7 Fair value measurement (continued)

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value 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 or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) ***Fair value in an active market (level 1)***

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded prices.

The Company values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices for an identical asset are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

10. Notes to the Financial Statements

For the year ended 30 June 2018

7 Fair value measurement (continued)

(ii) *Fair value in an inactive or unquoted market (level 2 and level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

7 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Recognised fair value measurement

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 30 June 2018 and 30 June 2017.

	Level 1	Level 2	Level 3	Total
As at 30 June 2018	\$	\$	\$	\$
Financial assets				
Financial assets designated at fair value:				
Equity securities	110,022,042	–	–	110,022,042
Financial assets held for trading:				
Derivatives	102,129	2,432	–	104,561
Total financial assets	110,124,171	2,432	–	110,126,603
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	–	214,479	–	214,479
Total financial liabilities	–	214,479	–	214,479

10. Notes to the Financial Statements

For the year ended 30 June 2018

7 Fair value measurement (continued)

Recognised fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
As at 30 June 2017	\$	\$	\$	\$
Financial assets				
Financial assets designated at fair value:				
Equity securities	96,429,635	–	–	96,429,635
Financial assets held for trading:				
Derivatives	–	1,369,261	–	1,369,261
Total financial assets	96,429,635	1,369,261	–	97,798,896
Financial liabilities				
Financial liabilities held for trading:				
Derivatives	–	123,046	–	123,046
Total financial liabilities	–	123,046	–	123,046

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.

(i) **Transfers between levels**

There were no transfers between levels in the fair value hierarchy for the years ended 30 June 2018 and 30 June 2017.

(ii) **Fair value measurements using significant unobservable inputs (level 3)**

There were no investments classified as level 3 within the Company as at 30 June 2018 and 30 June 2017.

(iii) **Fair values of other financial instruments**

Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

8 Net changes in fair value of financial assets and liabilities at fair value through profit or loss

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Financial assets		
Net gain/(loss) on financial assets held for trading	3,272,419	4,877,216
Net gain/(loss) on financial assets designated at fair value through profit or loss	10,162,983	14,884,040
Financial liabilities		
Net gain/(loss) on financial liabilities held for trading	(1,401,776)	(5,554,358)
Total net changes in fair value of financial assets and liabilities at fair value through profit or loss	12,033,626	14,206,898

9 Financial assets held at fair value through profit or loss

	As at	
	30 June 2018	30 June 2017
	\$	\$
Designated at fair value through profit or loss		
Equity securities	110,022,042	96,429,635
Total designated at fair value through profit or loss	110,022,042	96,429,635
Held for trading		
Derivatives (note 11)	104,561	1,369,261
Total held for trading	104,561	1,369,261
Total financial assets held at fair value through profit or loss	110,126,603	97,798,896

10. Notes to the Financial Statements

For the year ended 30 June 2018

9 Financial assets held at fair value through profit or loss (continued)

Details of the Company's top 10 investments as at 30 June 2018 and 30 June 2017 are set out on the following table:

Name of investments	As at 30 June 2018	
	Market exposure \$	Fair value \$
Tencent Holdings Ltd	9,670,727	9,670,727
Samsung Electronics Co.Ltd	7,959,609	7,959,609
Ping An Insurance Group Co of China Ltd	6,559,458	6,559,458
Alibaba Group Holdings	5,976,335	5,976,335
Hong Kong Exchanges and Clearing Ltd	5,089,182	5,089,182
Taiwan Semiconductor Manufacturing Co Ltd	4,749,724	4,749,724
DBS Group Holdings Limited	4,495,656	4,495,656
Housing Development Finance Corporation Ltd	4,104,754	4,104,754
Maruti Suzuki India Ltd	4,069,146	4,069,146
Reliance Industries Ltd	3,822,773	3,822,773
Total - top 10 investments	56,497,364	56,497,364
Other investments excluding foreign currency contracts	57,599,674	53,546,147
Total investments excluding foreign currency contracts	114,097,038	110,043,512
Foreign currency contracts		(131,388)
Total fair value of investments (Note 9 and Note 10)*		109,912,124
*Note 9 - Total financial assets held at fair value through profit or loss		110,126,603
Note 10 - Total financial liabilities held at fair value through profit or loss		214,479
Total fair value of investments (Note 9 and Note 10)		109,912,124

9 Financial assets held at fair value through profit or loss (continued)

Name of investments	As at 30 June 2017	
	Market exposure \$	Fair value \$
Samsung Electronics Co. Ltd	6,500,306	6,500,306
Tencent Holdings Ltd	5,735,130	5,735,130
TSMC	5,213,916	5,213,916
Alibaba Group Holdings	4,647,376	4,647,376
DBS Group Holdings Limited	4,261,458	4,261,458
Larsen & Toubro Limited	3,522,911	3,522,911
China Petroleum & Chemicals	3,457,952	3,457,952
Indusind Bank	3,340,899	3,340,899
Baidu Inc	3,238,624	3,238,624
China Communications	3,161,843	3,161,843
Total - top 10 investments	43,080,415	43,080,415
Other investments excluding foreign currency contracts	58,195,695	54,686,673
Total investments excluding foreign currency contracts	101,276,110	97,767,088
Foreign currency contracts		(91,238)
Total fair value of investments (Note 9 and Note 10)*		97,675,850
*Note 9 – Total financial assets held at fair value through profit or loss		97,798,896
Note 10 – Total financial liabilities held at fair value through profit or loss		(123,046)
Total fair value of investments (Note 9 and Note 10)		97,675,850

An overview of the risk exposures related to the financial assets held at fair value through profit or loss is included in note 5.

10. Notes to the Financial Statements

For the year ended 30 June 2018

10 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2018	30 June 2017
	\$	\$
Held for trading		
Derivatives (note 11)	214,479	123,046
Total held for trading	214,479	123,046
Total financial liabilities held at fair value through profit or loss	214,479	123,046

An overview of the risk exposures related to the financial liabilities held at fair value through profit or loss is included in note 5.

11 Derivative financial instruments

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

Derivative transactions include many different instruments such as forwards, futures and equity derivatives. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging (portfolio and/or individual security risk);
- to increase/decrease overall portfolio and country exposures;
- investing indirectly where the Manager determines that investing indirectly would, for example, be commercially advantageous, tax efficient or provide a more practicable means of access to the relevant investment; and
- short term portfolio management purposes, for example obtaining economic exposure to the market whilst physical exposures are being bought.

11 Derivative financial instruments (continued)

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Company.

The Company holds the following derivatives:

(a) Forward currency contracts

Forward currency contracts are primarily used by the Company to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Company agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period.

(b) Index Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Company are exchange-traded. The Company is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

Options are settled on a gross basis.

10. Notes to the Financial Statements

For the year ended 30 June 2018

11 Derivative financial instruments (continued)

(c) Equity derivatives

An equity derivative or contract for difference is an agreement to exchange the difference in value of a particular share between the time at which a contract is opened and the time at which it is closed.

The value of equity derivatives is based on the price of a stock index or common stock.

The Company's derivative financial instruments at year end are detailed below:

	Contract/ Notional	Fair Values	
		Assets	Liabilities
30 June 2018	\$	\$	\$
Options	7,728,656	102,129	–
Foreign currency contracts	29,759,324	1,746	133,134
Equity derivatives	4,053,528	686	81,345
Total Derivatives	41,541,508	104,561	214,479

	Contract/ Notional	Fair Values	
		Assets	Liabilities
30 June 2017	\$	\$	\$
Foreign currency contracts	12,157,412	15,154	106,392
Equity derivatives	3,509,023	1,354,107	16,654
Total Derivatives	15,666,435	1,369,261	123,046

11 Derivative financial instruments (continued)

Risk exposures and fair value measurements

Information about the Company's exposure to price risk, credit risk, foreign exchange risk, interest rate risk, liquidity risk and about the methods and assumptions used in determining fair values is provided in Note 5 and 7 to the financial statements. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of derivative financial instruments disclosed above.

12 Dividend profit reserve

The dividend profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividends payments.

	As at	
	30 June 2018	30 June 2017
	\$	\$
Movements in Dividend Profit Reserve		
Balance at the beginning of the year	—	—
Transferred from retained earnings	2,232,015	—
Payment of dividend	—	—
Closing balance at the end of the year	2,232,015	—

On 23 August 2017, the Directors decided to transfer \$2,232,015 (2017: Nil) to the dividend profit reserve, to set aside funds for payment of future franked dividends.

13 Cash and cash equivalents

	As at	
	30 June 2018	30 June 2017
	\$	\$
Cash at bank	15,287,068	8,832,184
Deposits at call	815,547	—
Total cash and cash equivalents	16,102,615	8,832,184

These accounts are earning a floating interest rate of between 0.01% pa (June 2017: 0.01% pa) and 1.40% pa (June 2017: 1.75% pa) during the reporting period.

10. Notes to the Financial Statements

For the year ended 30 June 2018

14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit for the year after tax	9,323,781	9,094,644
Purchase of financial instruments held at fair value through profit or loss	(177,501,624)	(223,258,747)
Proceeds from sale of financial instruments held at fair value through profit or loss	188,206,712	199,749,089
Net gains on financial instruments held at fair value through profit or loss	(12,033,626)	(14,206,898)
Amount received from brokers for margin accounts	73,558	14,848,703
Increase in foreign exchange gains	3,170	127,190
Net change in receivables	(7,516)	(147,729)
Increase in income tax assets and liabilities	3,245,213	4,023,812
Net change in payables	68,024	18,835
Dividend/distribution income reinvested	(1,211,493)	—
Net cash inflow/outflow from operating activities	10,166,199	(9,751,101)
(b) Non-cash operating activities		
Reinvestment of investor dividends	1,211,493	—

15 Income tax

	As at	
	30 June 2018	30 June 2017
	\$	\$
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax	12,568,994	13,118,458
Prima facie income tax expense calculated at 30%	(\$3,770,698)	(\$3,935,537)
Tax effect of foreign dividends received	493,453	(\$88,275)
Adjustment due to tax rate changes	32,032	–
	(\$3,245,213)	(\$4,023,812)
(b) Income tax composition:		
Current income tax benefit/(expense) at 30%	(5,209,136)	–
Deferred income tax benefit/(expense) at 27.5% (PY:30%)	1,665,493	(4,023,812)
Foreign income tax offset	298,430	–
	(3,245,213)	(4,023,812)
(c) Income tax expense recognised directly to equity:		
Costs associated with the issue of shares	–	–
	–	–
(d) Deferred tax (liabilities)/assets comprise of temporary differences attributed to:		
Costs associated with the issue of shares at 27.5% (PY:30%)	383,274	627,176
Realised loss on investments held on revenue account	–	575,393
Unrealised gain on investments held on revenue account at 27.5% (PY:30%)	(19,076)	(2,802,294)
Total net deferred tax asset/(liability)	364,198	(1,599,725)
(e) Imputation credits:		
Total imputation credits available in subsequent financial years based on a tax rate of 30%	5,209,136	–

The above amount represents the balance of imputation credits at 30 June 2018 and 30 June 2017 adjusted for income tax paid/payable and franked dividends receivable. The Company's ability to pay franked dividends is dependant upon receipt of franked dividends and the Company paying tax.

10. Notes to the Financial Statements

For the year ended 30 June 2018

16 Issued capital

	As at 30 June 2018	
	No. of Securities	\$
Ordinary shares		
Opening balance - 1 July 2017	111,600,739	110,228,295
Share buyback	(6,415,000)	(6,174,069)
Shares issued from exercise of options	3,278,234	3,278,234
Total issued capital - fully paid ordinary shares	108,463,973	107,332,460
Options		
Loyalty options		
Opening balance - 1 July 2017	65,167,917	—
Options exercised	(3,278,234)	—
Total options	61,889,683	—
Total issued capital		107,332,460

	As at 30 June 2017	
	No. of Securities	\$
Ordinary shares		
Opening balance - 1 July 2016	120,000,001	117,560,983
Share buyback	(8,399,262)	(7,332,688)
Total issued capital - fully paid ordinary shares	111,600,739	110,228,295
Options		
Loyalty options		
Opening balance - 1 July 2016	65,167,917	—
Total options	65,167,917	—
Total issued capital		110,228,295

16 Issued capital (continued)

(a) Terms and conditions**(i) Ordinary shares**

Fully paid ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

The initial share buy back announced by the company on 13th September 2016 terminated on 26 September 2017. In total, the Company had bought back 11,824,262 shares at that date which is approximately 10.93% of its issued ordinary shares.

On 13 September 2017, the Company announced an on-market share buy-back of up to 10% of its issued ordinary shares, commencing 27 September 2017 until an earlier of 26 September 2018 or when 10% of ordinary shares are bought back. The Company reserves the right to suspend or terminate the on-market share buy-back at any time. During this period, the Company has bought back 2,990,000 shares in total, approximately 2.76% of its issued ordinary shares.

(ii) Options

Under the Prospectus dated 21 August 2015, the Company offered shares together with:

- (a) one loyalty Option for every two shares issued under the broker firm offer or the general offer; and
- (b) two loyalty options for every three shares issued under the priority offer to eligible existing shareholders of Ellerston Global Investments Limited (ASX: EGI).
- (c) all loyalty options were issued at no cost and are not entitled to dividends.

10. Notes to the Financial Statements

For the year ended 30 June 2018

16 Issued capital (continued)

(a) **Terms and conditions (continued)**

(ii) *Options (continued)*

On 28 February 2016 the vesting date of the Options, the Company issued 65,167,917 vested loyalty options to option holders who held at least the same amount of shares issued under the Initial Public Offer. The loyalty options lapsed on the same date for option holders who held less amount of shares than what they were allotted in the initial Public Offer.

The vested loyalty options were first quoted on the ASX on 2 March 2016. Holders of the vested loyalty option have the right to acquire one ordinary share in the Company at a price of \$1.00 and can exercise the right at any time in the period commencing on the day after the vesting date of 28 February 2016 and ending on the third anniversary of the vesting date being 28 February 2019. The loyalty options are not entitled to dividends.

Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of exercise and entitle the holder to receive dividends on or prior to the applicable record date.

17 Earnings per share

	Year ended	
	30 June 2018	30 June 2017
Basic earnings per share (cents)	8.69	7.77
Diluted earnings per share (cents)	8.47	7.77
Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in calculating basic earnings/(losses) per share	107,330,795	117,104,498
Add: Options for the purpose of calculating diluted earnings/(losses) per share*	2,807,011	–
Weighted average number of ordinary shares on issue used in calculating diluted earnings/(losses) per share	110,137,806	117,104,498
Earnings reconciliation		
Net profit after income tax used in the calculation of basic and diluted earnings per share (\$)	9,323,781	9,094,644

* Calculated in accordance with AASB 133: *Earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on exercise of the options during the year.

10. Notes to the Financial Statements

For the year ended 30 June 2018

18 Net tangible assets per share

	As at	
	30 June 2018	30 June 2017
	\$	\$
Net tangible assets per share		
Net Tangible Assets before all taxes	1.1737	1.0540
Net Tangible Assets after realised tax (i)	1.1257	1.0540
Net Tangible Assets after tax	1.1290	1.0397

The Net Tangible Assets as at 30 June 2018 is based on fully paid ordinary shares of 108,463,973 (June 2017: 111,600,739).

- (i) Net Tangible Assets after realised tax includes tax paid and a provision for tax on realised gains from the Company's Investment Portfolio. It excludes any tax on unrealised gains and deferred tax, which are represented in the Net Tangible Assets after tax line.

19 Management and performance fees

Under the Management Agreement, dated 27 July 2015, the Company must pay the Investment Manager a management fee as determined with respect to the scale set out below based on the pre tax net asset value of the investment portfolio.

For the first AUD\$50 million of net asset value the Investment Manager is entitled to 0.95% management fees per annum.

Any amount by which the net asset value exceeds AUD\$50 million the Investment Manager is entitled to 0.75% management fees per annum.

The management fee is calculated exclusive of GST and accrued each month and paid monthly in arrears.

In addition, the Investment Manager will be entitled to receive a performance fee from the Company equal to 15% (plus GST) of the amount by which the investment portfolio's pre tax return exceeds the return of the MSCI AC Asia Ex Japan Index (\$AUD), calculated and accrued monthly from the commencement date (1 November 2015) and paid annually in arrears.

19 Management and performance fees (continued)

The accrued performance fee for each month will be aggregated and paid annually in arrears. A performance fee will be payable only if the investment portfolio's pre tax return exceeds the return of the MSCI AC Asia Ex Japan Index (\$AUD) for the financial year, no performance fee will be payable in respect of that financial year and the negative performance fee amount will be carried forward to the following financial year or financial years until it has been recouped. During the year 30 June 2018, the company has not accrued any performance fees (30 June 2017: nil).

	30 June 2018 \$	30 June 2017 \$
Management fees expense	1,042,674	996,294
Management fees payable	92,256	80,782

20 Auditor's remuneration

	Year ended	
	30 June 2018 \$	30 June 2017 \$
Audit and assurance services		
Statutory audit and review of the financial reports	49,802	52,042
Non-audit services		
Taxation services	3,658	3,658
Total remuneration for assurance services	53,460	55,700

Amounts received or due and receivable by the auditor of the Company, Ernst & Young.

10. Notes to the Financial Statements

For the year ended 30 June 2018

21 Related parties

The Company has appointed Ellerston Capital Limited, to act as the Manager of the Company's investment portfolio. The contract is on normal commercial terms and conditions.

(a) Key management personnel

The Key Management Personnel (KMP) of the Company comprise the Independent Non-Executive Directors, the Executive Director and the Manager.

Ellerston Capital Limited

A Management Agreement between the Company and the Manager commenced on 27 July 2015. For the years ended 30 June 2018 and 30 June 2017, the Manager was remunerated by the Company in accordance with the Management Agreement, and the Manager is entitled to:

- (i) a management fee of 0.95% (plus GST) per annum for the first AUD\$50 million of net asset value, 0.75% (plus GST) per annum on any amount by which the net asset value exceeds AUD\$50 million, calculated and accrued monthly and paid monthly in arrears; and
- (ii) a performance fee equal to 15% (plus GST) of the amount by which the investment portfolio's pre-tax return exceeds the return of the MSCI World Index (local), calculated and accrued monthly and paid annually in arrears.

Details of management and performance fees are provided on note 19 on page 95.

21 Related parties (continued)

(a) Key management personnel (continued)

Ellerston Capital Limited (continued)

The following remuneration was paid or payable by the Company to the Independent Non-Executive Directors and Executive Director, and the Manager for the year:

	30 June 2018 \$	30 June 2017 \$
Sam Brougham	30,250	30,250
Paul Dortkamp	30,250	30,250
Stuart Robertson	30,250	30,250
Total Non-Executive Directors' fees paid by the Company	90,750	90,750
Total Executive Director's fee paid by the Company to Ashok Jacob	Nil	Nil

Further details of remuneration paid to the Directors is disclosed in the Remuneration Report in the Directors' Report.

10. Notes to the Financial Statements

For the year ended 30 June 2018

21 Related parties (continued)

(b) Transactions with related parties

The Company from time to time enters into transactions with parties related to the Manager. All related party transactions are made at arm's length on normal business terms and conditions. During the reporting periods 30 June 2018 and 30 June 2017 the Company had the following related party transactions:

30 June 2018

Unitholder	Number of shares held opening (No.)	Number of share held closing (No.)	Fair value of investment (\$)	Interest held (%)	Shares acquired during the year (No.)	Shares disposed during the year (No.)	Dividends paid/ payable (\$)
Ellerston Global Equity							
Managers Fund							
Ordinary Shares	3,200,000	3,200,000	3,612,800	2.95	—	—	—
Loyalty Options	2,133,333	2,133,333	160,000	3.45	—	—	—
Directors of Ellerston Capital							
Ordinary Shares	50,000	50,000	56,450	0.05	—	—	—
Loyalty Options	33,332	33,332	2,500	0.05	—	—	—
Ellerston Capital Limited							
Ordinary Shares	112,501	112,501	127,014	0.10	—	—	—
Loyalty Options	63,279	63,279	4,746	0.10	—	—	—

21 Related parties (continued)

(b) Transactions with related parties (continued)

30 June 2017

Unitholder	Number of shares held opening (No.)	Number of shares held closing (No.)	Fair value of investment (\$)	Interest held (%)	Shares acquired during the year (No.)	Shares disposed during the year (No.)	Dividends paid/ payable (\$)
Ellerston Global Equity Managers Fund							
Ordinary Shares	3,200,000	3,200,000	3,327,010	2.87	—	—	—
Loyalty Options	2,133,333	2,133,333	64,000	3.27	—	—	—
Directors of Ellerston Capital Limited							
Ordinary Shares	50,000	50,000	51,985	0.04	—	—	—
Loyalty Options	33,332	33,332	1,000	0.05	—	—	—
Ellerston Capital Limited							
Ordinary Shares	112,501	112,501	116,966	0.10	—	—	—
Loyalty Options	63,279	63,279	1,898	0.10	—	—	—

The Manager of the Company is the Trustee and the Investment Manager of Ellerston Global Equity Managers Fund.

Note: Where directors hold directorships of the Company and Investment Manager, those holdings have been included in the Directors' Report and are not included in the table above under "Directors of Ellerston Capital Limited".

10. Notes to the Financial Statements

For the year ended 30 June 2018

22 **Contingent assets, liabilities and commitments**

The Company has no material commitments, contingent assets or liabilities as at 30 June 2018 and 30 June 2017.

23 **Events occurring after the reporting period**

On 23 August 2018, the directors declared a fully franked final dividend of 1.0 cent per ordinary share, which is payable to shareholders on 5 October 2018. The amount of the proposed dividend, which is not recognised as a liability as at 30 June 2018, is \$1,084,640 based on the number of shares on issue at 30 June 2018. The dividend will be paid out of the dividend profit reserve.

On 23 August 2018, the Directors decided to transfer approximately \$11,501,161 to the dividend profit reserve. The Company intends to pay a dividend of at least 2 cents per annum (1 cent per half) to Shareholders going forward subject to various factors including financial conditions, corporate, legal and regulatory considerations.

No other significant events have occurred since the end of the reporting period and up to the date of this report which would impact on the financial position of the Company disclosed in the Statement of financial position as at 30 June 2018 or on the results and cash flows of the Company for the year ended on that date.

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11.

Directors' Declaration

11. Directors' Declaration

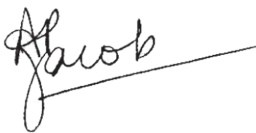
30 June 2018

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 39 to 100 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year; and
- (b) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the directors.



Ashok Jacob

Chairman

23 August 2018

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12.

Independent Auditor's Report

12. Independent Auditor's Report

For the year ended 30 June 2018



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
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Independent Auditor's Report to the Members of Ellerston Asian Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ellerston Asian Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Ellerston Asian Investments Limited is 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 of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Investment Existence and Valuation

Why significant

The Company has a significant investment portfolio consisting primarily of listed equity securities and derivatives. As at 30 June 2018, the values of these financial assets and financial liabilities were \$110,126,603 and \$214,479, representing 82% and 2%, of the total assets and total liabilities respectively of the Company.

As detailed in the Company's accounting policy, described in Note 2(b) of the financial report, these financial assets and financial liabilities are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and financial liabilities, and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.

How our audit addressed the key audit matter

We assessed the effectiveness of the controls relating to the recognition and valuation of investments.

We obtained and considered the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the year ended 30 June 2018 and considered the auditor's qualifications, competence and objectivity and the results of their procedures.

We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2018.

We assessed the fair value of all investments in the portfolio held at 30 June 2018. For listed securities, the values were verified against independently sourced market prices. For unlisted derivatives, the values were verified using independently sourced observable market inputs applied to appropriate valuation models.

We assessed the adequacy of the disclosures in Note 7 of the financial report.

2. Management and Performance Fees

Why significant

Management and performance fees, paid to the Manager, Ellerston Capital Limited, are the most significant operating expense for the Company.

The Company's accounting policy for management and performance fees is described in Note 19 of the financial report. Performance fees are recognised in the financial report if the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date that the performance criteria is met and the obligation has crystallised.

As at 30 June 2018, management fees totalled \$1,042,674 which represented 35% of total expenses.

How our audit addressed the key audit matter

We assessed the effectiveness of the controls in relation to the calculation of management and performance fees of the Company's administrator, who has responsibility for the calculation.

We recalculated management and performance fees, in accordance with the relevant Services Agreement, including agreeing the contract rate to the calculation.

We assessed the performance fee calculation, including testing the inputs into the calculation model and assessed whether the calculation was in line with the relevant Services Agreement.

12. Independent Auditor's Report

For the year ended 30 June 2018



2. Management and Performance Fees (continued)

Why significant

As at 30 June 2018, the Company had nil performance fees.

The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance.

Accordingly, this was considered a key audit matter. The disclosure of this amount is included in Note 19 of the financial report.

How our audit addressed the key audit matter

We also assessed whether the criteria for accrual of a performance fee liability were met at 30 June 2018.

We assessed the adequacy of the disclosures in Note 19 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

12. Independent Auditor's Report

For the year ended 30 June 2018



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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Ellerston Asian Investments Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Rohit Khanna'.

Rohit Khanna
Partner
Sydney
23 August 2018

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13.

Shareholder Information

13. Shareholder Information

For the year ended 30 June 2018

Additional information required by the Australian Stock Exchange Ltd (ASX) and not shown elsewhere in this report is as follows. The information is current as at 22 August 2018.

(a) Distribution of Shareholders of the Company as at 22 August 2018:

ORDINARY SHAREHOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1 to 1,000	54	34,496	0.03
1,001 to 5,000	253	945,869	0.87
5,001 to 10,000	343	3,051,019	2.79
10,001 to 100,000	1,506	50,805,669	46.44
100,001 and Over	144	54,565,277	49.88
Total	2,300	109,402,330	100.00
Shareholders with less than a marketable parcel	17	2,249	—
OPTION HOLDING RANGE	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS IN ISSUE
1 to 1,000	4	3,375	0.01
1,001 to 5,000	326	1,229,480	2.02
5,001 to 10,000	400	3,484,408	5.72
10,001 to 100,000	861	24,773,163	40.66
100,001 and Over	74	31,440,900	51.60
Total	1,665	60,931,326	100.00
Optionholders with less than a marketable parcel	1,073	9,567,612	—

Top 20 Ordinary Shareholders as at 22 August 2018

RANK	HOLDER NAME	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,023,251	3.68%
2	HIMSTEDT & CO PTY LTD <THE HIMSTEDT FAMILY A/C>	3,721,986	3.40%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,200,000	2.92%
4	E D DUNN PTY LTD <ELEANOR DUNN A/C>	3,000,000	2.74%
5	RAC & JD BRICE SUPERANNUATION P/L <BRICE SUPER FUND A/C>	3,000,000	2.74%
6	SPAR NOMINEES PTY LTD	1,922,880	1.76%
7	RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	1,821,519	1.66%
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,714,686	1.57%
9	HALCYCON PTY LTD	1,699,990	1.55%
10	KBT SMSF PTY LTD <TIERNEY SUPER FUND A/C>	1,250,000	1.14%
11	LABELMAKERS GROUP PTY LTD	1,000,000	0.91%
12	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	904,800	0.83%
13	RIGA (QLD) PTY LTD <KROHN FAMILY S/F A/C>	815,000	0.74%
14	D & R CHAPLIN PTY LTD <D & R CHAPLIN FAMILY A/C>	761,733	0.70%
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	741,949	0.68%
16	PRIMARY COMMUNITY AGED CARE PTY LTD <ARMILLAN A/C>	527,044	0.48%
17	A C N 106 966 401 PTY LTD	500,000	0.46%
18	CROFTON PARK DEVELOPMENTS PTY LTD <SAM BROUGHAM FAMILY A/C>	500,000	0.46%
19	DEERING NOMINEES PTY LTD	500,000	0.46%
20	ESKDALE INVESTMENT CO PTY LTD <LAURIMAR PROPERTY A/C>	446,000	0.41%

INVESTORS

TOTAL FOR TOP 20:	32,050,838	20	29.30%
TOTAL IN THIS REPORT:	32,050,838	20	29.30%
TOTAL OTHER INVESTORS:	77,351,492	2,280	70.70%
GRAND TOTAL:	109,402,330	2,300	100.00%

14. Corporate Directory

For the year ended 30 June 2018

Directors

Ashok Jacob

Sam Brougham

Paul Dortkamp

Stuart Robertson

Company Secretary

Ian Kelly

Registered Office

c/- Ellerston Capital Limited

Level 11, 179 Elizabeth Street

SYDNEY NSW 2000

Auditor

Ernst and Young

Ernst and Young Centre

200 George Street

SYDNEY NSW 2000

Manager

Ellerston Capital Limited

ACN 110 397 674

Level 11, 179 Elizabeth Street

SYDNEY NSW 2000

Share Registry

Link Market Services Limited

Level 12, 680 George Street

SYDNEY NSW 2000

Securities Exchange Listing

ASX code (ordinary shares): EAI

ASX code (loyalty options): EAIO

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