

Monash Absolute Investment Company Limited

ABN 86 610 290 143

Appendix 4D

Preliminary report

for the half-year ended 31 December 2016

Half-year report

This half-year ended report is for the reporting half-year from 1 July 2016 to 31 December 2016. This is the first reporting half-year for the Company.

Results for announcement to the market*

	\$
Loss from ordinary activities	(336,714)
Loss before tax for the half-year	(1,173,154)
Loss from ordinary activities after tax attributable to members	(711,124)

*The amount and percentage up or down from previous period are not disclosed as this is the first reporting half-year for the Company.

Dividends

There were no dividends paid or proposed to be paid for the reporting period. Further information in respect of the Company's dividend policy is contained in Section 3.8 of the Company's Prospectus which was issued on 23 February 2016.

Dividend Reinvestment Plan (DRP)

The Company has established a dividend reinvestment plan (DRP) for shareholders. The terms of this DRP are summarised in Section 10.5 of the Company Prospectus.

Net tangible assets

	31 December 2016 \$	30 June 2016 \$
Net tangible asset backing (per share) after tax	0.9588	0.9724
Net tangible asset backing (per share) before tax	0.9381	0.9605

The NTA calculations do not include the effect of any dilution that would arise from the conversion of any unexercised options.

Brief explanation of results

The gross portfolio return before all fees and expenses was approximately -1.13% for the half-year ended 31 December 2016.

Further information

This report is based on the Half Year Financial Report which has been subject to independent review by the auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2016 Annual Financial Report.

Monash Absolute Investment Company Limited

ABN 86 610 290 143

Interim Report for the half-year ended 31 December 2016

Monash Absolute Investment Company Limited ABN 86 610 290 143

Interim Report - for the half-year ended 31 December 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2016 and any public announcements made by Monash Absolute Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors	Paul Clitheroe AM (Chairman) Suvan de Soysa (Independent Director) Simon Shields (Non-independent Director)
Secretary	Tharun Kuppanda
Investment Manager	Monash Investors Pty Limited Level 5, 139 Macquarie Street Sydney NSW 2000
Registered office	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600
Administrator	White Outsourcing Pty Limited Level 4, 99 Bathurst Street Sydney NSW 2000 Telephone: (02) 8262 2800 Facsimile: (02) 9221 1194
Custodian	UBS Nominees Pty Ltd Level 16, 2 Chifley Square Sydney NSW 2000 Telephone: (02) 9324 3100
Share registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600 Facsimile: (02) 9279 0664 Email: enquiries@boardroomlimited.com.au
Auditor	For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar. Pitcher Partners Level 22 MLC Centre 19 Martin Place Sydney NSW 2000 Telephone: (02) 9221 2099 Facsimile: (02) 9223 1762
Stock exchange	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: MA1 Ordinary Shares ASX code: MA1O Options \$1.00 expiring 29 September 2017
Website	www.monashinvestors.com

Directors' Report

The Directors present their report together with the condensed interim financial report of Monash Absolute Investment Company Limited ("the Company") for the half-year ended 31 December 2016.

Directors

The following persons held office as Directors during the half-year and up to the date of this report:

Paul Clitheroe AM (Chairman)
Suvan de Soysa (Independent Director)
Simon Shields (Non-independent Director)

Principal activities

The Investment Strategy is to invest in a portfolio of Australian and international listed equity securities, Pre-IPO securities, exchange traded and over-the-counter derivatives and cash.

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

Review of operations

The operating loss before tax was \$1,173,154 for the half-year ended 31 December 2016. The net result after tax was a loss of \$711,124.

The net tangible asset backing before tax as at 31 December 2016 was \$0.9381 per share.

There were no dividends declared or proposed for the half-year ended 31 December 2016.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the half-year ended 31 December 2016.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of the Board of Directors.



Paul Clitheroe AM
Chairman

Sydney
15 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED
ABN 86 610 290 143**

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*;
and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Monash Absolute Investment Company Limited during the half-year period.



C I CHANDRAN
Partner

PITCHER PARTNERS
Sydney

15 February 2017

Monash Absolute Investment Company Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2016

	Notes	Half-year ended 31 December 2016 \$
Investment income/(loss) from ordinary activities		
Net realised losses on investments		(237,393)
Net unrealised losses on investments		(561,680)
Dividend income		382,008
Interest income		88,077
Net realised foreign exchange losses		(7,726)
		(336,714)
Expenses		
Management fees		(394,097)
Brokerage expense		(59,439)
Short dividend expense		(85,185)
Stock loan fees		(15,707)
Interest expense		(3,014)
Accounting fees		(48,172)
Company secretarial fees		(25,430)
Share registry fees		(20,771)
Tax fees		(4,950)
Directors' fees		(47,500)
ASX fees		(19,769)
Audit fees		(21,153)
Marketing expenses		(60,459)
Other expenses		(30,794)
		(836,440)
Loss before income tax		(1,173,154)
Income tax benefit	5	462,030
Net loss for the half-year		(711,124)
Other comprehensive loss for the half-year, net of tax		-
Total comprehensive loss for the half-year		(711,124)
		Cents
Losses per share for (loss) attributable to the ordinary equity holders of the Company:		
Basic losses per share		(1.36)
Diluted losses per share		(1.36)

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

Monash Absolute Investment Company Limited
Statement of Financial Position
As at 31 December 2016

		At	
	Notes	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,838,257	20,325,794
Trade and other receivables		209,227	1,122,964
Financial assets at fair value through profit or loss	3	45,010,886	42,630,131
Other current assets		22,224	19,456
Total current assets		52,080,594	64,098,345
Non-current assets			
Deferred tax assets		1,089,304	632,651
Total non-current assets		1,089,304	632,651
Total assets		53,169,898	64,730,996
LIABILITIES			
Current liabilities			
Trade and other payables		138,267	7,644,274
Financial liabilities at fair value through profit or loss	3	2,682,465	6,021,055
Total current liabilities		2,820,732	13,665,329
Non-current liabilities			
Deferred tax liabilities		2,915	8,292
Total non-current liabilities		2,915	8,292
Total liabilities		2,823,647	13,673,621
Net assets		50,346,251	51,057,375
EQUITY			
Issued capital	7	51,075,953	51,075,953
Profits reserve		1,236,026	1,236,026
Accumulated losses		(1,965,728)	(1,254,604)
Total equity		50,346,251	51,057,375

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

Monash Absolute Investment Company Limited
Statement of Changes in Equity
For the half-year ended 31 December 2016

Notes	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	51,075,953	1,236,026	(1,254,604)	51,057,375
Net loss for the half-year	-	-	(711,124)	(711,124)
Total comprehensive loss for the half-year	-	-	(711,124)	(711,124)
Balance at 31 December 2016	51,075,953	1,236,026	(1,965,728)	50,346,251

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

Monash Absolute Investment Company Limited
Statement of Cash Flows
For the half-year ended 31 December 2016

	Half-year ended 31 December 2016 \$
Cash flows from operating activities	
Proceeds from short sale of financial liabilities held at fair value through profit or loss	6,092,586
Re-purchase of financial liabilities held at fair value through profit or loss	(9,839,090)
Proceeds from sale of financial assets held at fair value through profit or loss	25,181,126
Purchase of financial assets held at fair value through profit or loss	(34,482,978)
Dividends paid on short stocks	(85,185)
Interest paid	(3,013)
Dividends received	199,184
Brokerage expenses	(55,348)
Interest received	106,002
Investment management fees paid	(399,752)
Payments for other expenses	(193,343)
Net cash outflow from operating activities	(13,479,811)
Net decrease in cash and cash equivalents	(13,479,811)
Cash and cash equivalents at the beginning of the half-year	20,325,794
Effects of exchange rate changes on cash and cash equivalents	(7,726)
Cash and cash equivalents at the end of half-year	6,838,257

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

1 General information

Monash Absolute Investment Company Limited (the "Company") is a listed public company domiciled in Australia. The address of Monash Absolute Investment Company Limited's registered office is Level 12, 225 George Street, Sydney, NSW 2000. The Company's investment strategy is to invest in a portfolio of Australian and international listed equity securities, Pre-IPO securities, exchange traded and over-the counter derivatives and cash.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 20 January 2016 and commenced operations on 12 April 2016, following its successful listing on the ASX.

The condensed interim financial statements were authorised for issue by the Board of Directors on 15 February 2017.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. The interim financial statements are for the entity Monash Absolute Investment Company Limited.

(a) Basis of preparation

These condensed interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the period ended 30 June 2016 and any public announcements made by Monash Absolute Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The accounting policies adopted are consistent with those of the previous financial year.

(i) Adoption of new and revised accounting standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year reporting period.

(b) Comparatives

There are no comparative interim reporting periods presented in the financial statements as this is the first half-year reporting for the Company.

(c) Rounding of amounts

In accordance with ASIC *Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/19*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar.

3 Fair value measurements

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

- Financial assets at fair value through profit or loss (FVTPL)

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

(a) Fair value hierarchy

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly 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) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis.

At 31 December 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets at FVTPL				
Listed equity securities	42,904,479	-	-	42,904,479
Unlisted equity securities	-	1,163,003	-	1,163,003
International listed equity securities	458,941	-	-	458,941
International unlisted equity securities	-	484,463	-	484,463
Total financial assets	43,363,420	1,647,466	-	45,010,886
Financial liabilities				
Financial liabilities at FVTPL				
Equity securities sold short	(2,682,465)	-	-	(2,682,465)
Total financial liabilities	(2,682,465)	-	-	(2,682,465)
At 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets at FVTPL				
Listed equity securities	41,577,007	-	-	41,577,007
Unlisted equity securities	-	581,999	-	581,999
International unlisted equity securities	-	471,125	-	471,125
Total financial assets	41,577,007	1,053,124	-	42,630,131
Financial liabilities				
Financial liabilities at FVTPL				
Equity securities sold short	(6,021,055)	-	-	(6,021,055)
Total financial liabilities	(6,021,055)	-	-	(6,021,055)

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets have been based on the last sale prices at the end of the reporting period, excluding transaction costs.

The investments included in Level 2 of the hierarchy include amounts in relation to Initial Public Offerings and Placements in which the Company has subscribed to during the period. These investments have not listed on any securities exchange as at half-year end and therefore represent investments in an inactive market. In valuing these unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offers without any deduction for estimated future selling costs.

There were transfers between levels 1 and 2 for recurring fair value measurements during the half-year, relating to the listing of the unlisted equity securities at half-year end. There were no transfers in and out of level 3.

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

(ii) Disclosed fair values

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

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

4 Segment information

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

5 Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the financial period. The estimated average tax rate used for the period to 31 December 2016 is (39)%. The negative effective tax rate is mainly due to losses incurred.

6 Contingencies and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2016 (30 June 2016: nil).

7 Issued capital

(a) Share capital

	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$	30 June 2016 \$
Ordinary shares	52,465,001	52,465,001	51,075,953	51,075,953

7 Issued capital (continued)

(b) Movements in ordinary share capital

Details	Number of shares	\$
Shares issued at incorporation	1	1
Shares issued under IPO	52,465,000	52,465,000
Cost of issued capital, net of tax	-	(1,389,048)
Closing balance 30 June 2016	52,465,001	51,075,953

Opening balance 1 July 2016	52,465,001	51,075,953
Closing balance 31 December 2016	52,465,001	51,075,953

(c) Ordinary shares

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

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

(d) Shares under IPO

The Company issued a Prospectus on 23 February 2016 for the offer of up to 80,000,000 fully paid ordinary shares at an offer price of \$1.00 per share to raise up to \$80,000,000. Under the offer, there was also an entitlement to 1 option for every 1 ordinary shares subscribed for, which are exercisable at an exercise price of \$1.00 per share on or before 29 September 2017. On 12 April 2016, the Company issued 52,465,000 fully paid ordinary shares under this initial public offering at \$1.00 per share.

(e) Options

On 12 April 2016, as part of the initial public offering the Company issued 52,465,000 options to acquire ordinary shares in the Company at an exercise price of \$1.00 on or before 29 September 2017.

(f) Dividend reinvestment plan

The Company has established a dividend reinvestment plan (DRP) for shareholders. The terms of this DRP are summarised in Section 10.5 of the Company Prospectus.

8 Dividends

No dividends were declared or proposed during the half-year ended 31 December 2016.

9 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Monash Absolute Investment Company Limited
Directors' Declaration
For the period ended 31 December 2016

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, 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 31 December 2016 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul Clitheroe AM
Chairman

Sydney
15 February 2017

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED
ABN 86 610 290 143**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Monash Absolute Investment Company Limited ("the Company"), which comprises the statement of financial position as at 31 December 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Monash Absolute Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED
ABN 86 610 290 143**

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Monash Absolute Investment Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



C I CHANDRAN
Partner



PITCHER PARTNERS
Sydney

15 February 2017