



KAIZEN GLOBAL
Investments

ANNUAL REPORT

30 June 2015



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CHAIRMAN'S LETTER

Dear Shareholder,

The successful capital raising and listing of Kaizen Global Investments (KGI) on 20 March 2015 marks the creation of a long-term investment vehicle focussed on compounding asset value per share. The capital raising included the issue of options which allows shareholders to make an additional investment in the Company and benefit from any future dividends and increase in the value of the Company's shares.

A RATIONAL BLUEPRINT FOR SUCCESS

We have been influenced by an excellent book highlighted by Warren Buffett, called 'The Outsiders: Eight unconventional CEOs and their radically rational blueprint for success'. The book studies eight CEOs who have delivered exceptional returns to their shareholders and we believe that there are lessons that we can draw on and apply to KGI and to investing generally. We believe that the way these companies operated is a roadmap for all companies to consider, if not emulate.

We highlight below the common attributes that resonate with us:

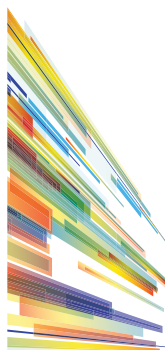
- The CEOs ran decentralised organisations, releasing entrepreneurial energy and kept both costs and internal politics down.
- The CEO acted as capital allocator, focussing on cash flow and not reported earnings.
- Frugality was central to the operating ethos.
- Mind-set of a shareholder not an employee.
- Independent thinking is essential to long-term success. Seeking to do things differently to conventional thinking if analysis warranted it.
- Sometimes the best investment opportunity is your own stock.
- With acquisitions, patience is a virtue, as is occasional boldness.

We listed on the NSX because we share this same culture of frugality and the mind-set of owners. We delivered the IPO below the cost estimate in the Prospectus and at a fraction of other listings. We purchased shares alongside new shareholders on exactly the same terms. Our focus on costs and delivery should be expected in everything we do – from operating the company, to making investments, and we believe this will matter in the long run.

KGI'S PORTFOLIO

Since listing, the Manager has built a diversified global portfolio, spanning developed and emerging markets and as of 30 June 2015 held 35 securities positions. This has increased in number since that date as we have filled out the portfolio as opportunities arose. Please read the Manager's Letter for some insight into the Company's holdings.

The Manager has been in regular contact with the executive management of the companies in the portfolio, as well as other companies, and is excited about each investment. The investment case in several of these holdings is not reliant upon strong global GDP growth and the Manager expects slow growth to dominate developed markets for the foreseeable future.



It is worth remembering, especially in times of stock market volatility/turbulence, that companies can move around their fair value, becoming overvalued or undervalued. It is important not to sell when they are undervalued – perhaps even to buy more – and not to be too optimistic when they become overvalued and perhaps take some profits.

We invest with a long-term horizon (3 – 5 years plus) and observe that when there is gloom and doom, stock prices can often become depressed and there are often bargains. Emerging markets have had a difficult time over the past few years and in the past few months in particular. Growth expectations have slowed, but this has also begun to be reflected in fallen share prices. We believe that the sheer volume of growing middle classes in the emerging markets will act as a strong tailwind to investing over a 5 - 10 year horizon in certain sectors and for certain companies. We are taking a much closer look at specific companies in some of these markets, where share prices have fallen and there could be a large margin of safety and compelling medium term investment opportunity.

COMPANIES THAT WE ARE INTERESTED IN ACQUIRING IN AUSTRALIA

As per the Prospectus, our goal is to allocate a portion of the Company's capital to buying businesses in Australia (and preferably NSW) that are mature, generate strong free cash flow and have low maintenance capital expenditure. There are occasions when an operating business generates a decent return on equity but expanding might not deliver attractive returns – or the risk of doing so may be too high. We would aim to redeploy the excess cash flows from these businesses into other opportunities (mainly in our listed portfolio) where we can earn a higher return on capital that would hit our target levels.

WHY WOULD YOU WANT TO SELL YOUR BUSINESS TO US? WHY NOT SELL TO PRIVATE EQUITY?

We are most interested in companies with a retiring founder, who wants a permanent home for his/her business. Private equity firms need an 'exit' when they invest (typically anywhere between 5-10 years) and that creates long-term uncertainty for employees.

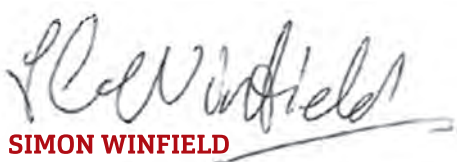
We don't want to operate the business – there needs to be management that can grow into the role. There might be an individual who is already running the business on behalf of the founder, who does not have the financial resources to buy it outright themselves at this stage. We would consider offering key personnel and employees the opportunity to 'earn in' to being shareholders, potentially increasing their share of profits and taking home more than they earn today.

In our due diligence process we will focus, in particular, on cash flow and on receivables. Since we aim to have a quick turnaround in assessing opportunities it would be helpful to have that information available from the outset.

If you have such a business please contact us on cgrindlay@kaizencapital.com.au or swinfield@kaizencapital.com.au or call our office on 02 790 30007.

We are excited about the future for Kaizen Global, and laser focussed on growing our shareholder's capital per share.

Yours sincerely,



SIMON WINFIELD

Chairman

15 September 2015

MANAGER'S LETTER

Dear Shareholders,

We are excited about the coming decades and investment runway ahead. We are reminded of a quote by Jim Rogers: 'There are seven billion people in the world, there will always be opportunities'.

This is the key point and, we believe, attraction of Kaizen Global – we have the ability to allocate capital and invest anywhere in the world where we see the best opportunities. We don't have to invest in a company or country with poor prospects simply because it is included in an arbitrary index that we follow.

At present, many of the commodity-based economies are slowing and their currencies are adjusting downwards along with their stock markets. The Australian dollar (AUD), for example, has fallen from a peak of buying circa \$1.10 US dollars (USD) for every Australian dollar to around \$0.70 USD today. We believe that the Australian dollar could fall all the way back to buying only \$0.50 USD (where it was when the commodity bull run of 2001/2 began) over a ten year period.

Remember that currencies don't move in straight lines up or down, and will zig and zag, but we believe that creates a tailwind to investing internationally. We believe that Australian savers are underinvested overseas and should use their Australian dollar, even at today's levels, to buy international assets. Please read our piece on the Australian dollar on KGI's website.

If you think that a fall to \$0.50 is outside the realm of possibilities, you need only look at the currencies of the commodity based economies of Brazilian Real, Canadian dollar, South African Rand, Chilean Peso (Copper exporter) today to see how much these commodity currencies have already weakened – several are back to their 2001/2 lows already. The Australian dollar, at \$0.70 US could still fall almost 30% from today's level if we are correct.

We have highlighted two positions in the portfolio today and our logic for owning them. They are at polar opposites in terms of size, but illustrate how diversified our investments are.

General Electric (GE) – Invest in ChAnge: Thesis: Complex to simple

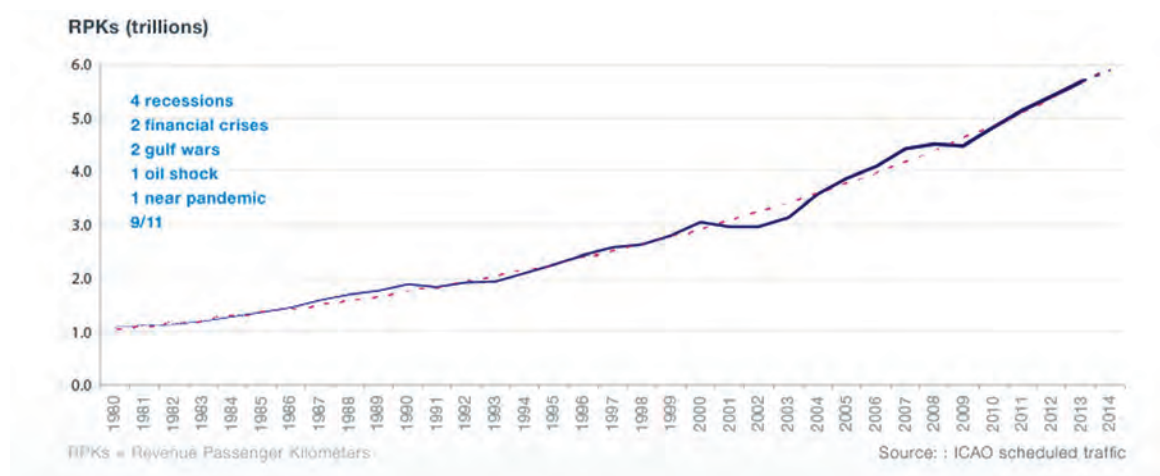
General Electric (GE) is one of our biggest investments. It is a very high quality company that we have followed for most of our career, but never invested in it due to its complexity. The diversified range of businesses from aviation and healthcare to financial services – to name but a few – required an investor to have a strong view and understanding on many moving pieces all at once. Inevitably there were a few end markets that you might not be as excited about, reducing interest in GE overall. But all that is chAnging.

When Jeff Immelt, GE's Chief Executive Officer, took the helm in 2000 the stock price was in the \$50 per share range. Today it is roughly half that. We believe that Mr Immelt, who will likely retire as CEO in the coming years, wants to leave a legacy that he can be proud of. The company has embarked on an enormous simplification that will see it shrink its financial service business (GE Capital) by \$90 billion. The new GE will have +90% of its earnings coming from its industrial businesses. The capital that is being released from the financial services business will be redeployed into share buybacks (up to \$50bn) and payment of dividends.

In the past, if you believed that global tourism will only grow into the future and that we'll need more planes, you might be very attracted to GE's aviation business, which has few competitors. Once the engines are combined with, say, Boeing's 787 Dreamliner, they will enjoy a service contract for decades, which can be very profitable for the engine maker. However, in investing in GE you would also gain exposure to the material consumer finance business of GE capital. So you might decide to invest in Rolls Royce instead, as a purer play on the investment theme.

In 2014 the aviation business made approximately 20% of GE's operating profit. In 2018, with the sale of Capital, it could be closer to 30%. On the flipside, the capital finance business made approximately 30% of GE's operating profit in 2014 and we believe that could fall to approximately 5% by 2018 (but will be related to the industrial businesses). The shrinking of the financial services business will make investing in GE much easier if you were attracted to the aviation business – as we are.

AIR TRAVEL IS RESILIENT AND GROWING



GE has some exceptional businesses and is simplifying at an important time in the business cycle, in our view. Low interest rates and deep funding markets has created an environment where one should be a seller of large assets. We believe that GE will be able to sell these assets at good prices, quite quickly, and be able to redeploy the capital into buying back its stock. In a strange way, we should be rooting for a lower GE share price so that when the buyback commences, the company will be able to Hoover up more cheap stock and cancel it, increasing earnings per share. Buffett has a good analogy for buybacks (at the right price) – you shrink the pizza base (share count), so that you get more cheese (profit) per slice of pizza (share). More profit/share could equal a much higher price per share, as investors pay up for the cheese.

We are also encouraged by the energy that the transformation seems to have released within the company. From our analysis, we believe that some of the current executive management are stepping up to the plate as the company repositions itself for the future. GE has some exceptional people working for it, and a refocussing on the industrial business could lead to improved results.

We invest with a 3-5 year horizon. So what could the new GE industrial look like then? The industrial businesses already command attractive returns on equity and capital with growing end markets, and we would hope that a new focus might bring more bolt-on acquisitions to the core business, enhancing profitability.

Margins of safety

We believe that the focus on the core industrial business will increase profitability and our earnings estimates per share are materially ahead of consensus estimates in 2018. What this means is that if we are too optimistic in our assessment of GE's potential and the actual results are in-line with consensus expectations, there should be no disappointment. However, if we are correct, then we have upgrades in earnings expectations to come, providing us with a valuation cushion since the shares are cheaper today than people think. In addition, the buyback is large and will represent a decent amount of demand for the shares in the coming year.

What could go wrong?

We are always mindful first of what could go wrong, before focusing on what could go right. As Stanley Druckenmiller says "Preservation of capital trumps home-runs". GE needs to execute and sell its financial assets before redeploying the capital to the buyback. GE, like many companies, is also exposed to global GDP and a slowing in world growth will impact them too. However, we believe that if it can quickly release capital from the financial services business, a downturn may create the opportunity to acquire bolt-on niche businesses in the industrial space. Weakness in the short-term may lead to strength in the long-term and we should be mindful not to jump at shadows.

The **key measurement of risk in any investment**, we believe, is the **permanent loss of capital**. We believe that in selling the financial services business, GE will be in an exceptionally strong position to capitalise on opportunities in the industrials business. We assess the risk of permanently losing capital with an investment in GE as very low, whilst the reward, if the company can execute as we believe, could be very high. Therefore the investment's risk to reward ratio is very attractive. As a result we have made GE a top 5 position in the Company.

Tower Financial: Invest in ChΔnge: A company transformed

Tower Financial (TWR) is a New Zealand based general insurer (home, contents and motor) with 140-year-old brand. It divested several business lines, medical insurance (2012), managed funds (2013) and life business (2013) to become a simplified insurer. On top of its New Zealand business it has a gem in its Pacific Island businesses – which we are excited about. Insurance isn't an easy sector to analyse, particularly in life businesses. Future liabilities are a long-way off and can be difficult to calculate even if you were the actuary working inside the firm. TWR however, has shed several business lines and is now much easier to understand. The simplification process occurred under the watch of David Hancock, the CEO until recently, who did an excellent job, in our opinion, of transforming the investment thesis.

General insurance is something we all buy and need. It is subject to short-term risks, like weather events, but importantly these tend to impact all industry players at the same time. When the whole industry suffers losses from an external event, they inevitably raise prices to claw back the losses in subsequent years. The risk is repriced and passed onto the consumer. A company with a trusted brand, good risk management and a strong balance sheet, should be able to make good returns over time, even if there are a few short-term hiccups along the way.

The company has two growth opportunities. First, industry consolidation in New Zealand is an opportunity to win market share. With circa 10% market share in its home and also contents business lines, TWR is big enough to have economies of scale, but small enough to grow a few percentage points relative to its larger peers (IAG/Lumley and Vero). Second, TWR has profitable operations and leadership in the Pacific Islands, which offers an opportunity for future growth.

TWR has a strong balance sheet and excess capital that is returning to shareholders.

In the company's May 2015 half-year results it highlighted that it had \$51m of capital above its regulatory minimum and \$48m at the Corporate level (after adjusting for dividends) – to have close to \$100m of excess capital – which means it has about 27% of its market capitalisation in excess cash. This excess capital masks the profitability of the business, but if you stripped out the excess capital the ROE would be much better warranting a higher valuation.

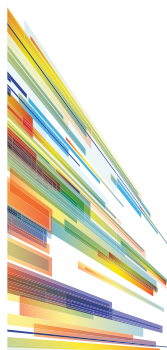
We always try to look at each investment as though we were owners of the entire business. We would love to own Tower Financial in its entirety. The company currently pays out most of its earnings as a dividend (because it has excess cash) and that translates to a circa 7.7% yield at the time of writing. We believe the company can grow its profits and dividends in the years to come too, although there may be some years where profits are lower as weather events can result in claims reducing profits.

Margins of safety

The excess cash on Tower's balance sheet, which translates to circa \$0.55 of a \$2.06 share price, represents a significant margin of safety. It is worth noting that there has been consolidation in the New Zealand insurance market with the acquisition of Lumley by Insurance Australia Group Limited (IAG) in June 2014. Whilst we have not invested in TWR because we expect it to be acquired, it is worth considering what an acquirer might see through its eyes.

If an acquirer could purchase the entire company at today's share price it might be able to immediately redeploy the circa \$100m of excess cash into the rest of its business – in effect, it would only pay \$1.50-\$1.60 for the core operating business.

There would likely be savings too in running the Tower brand across a wider distribution platform, further increasing returns. One area of particular interest to us, would be the savings associated with buying reinsurance, since a very large insurer would have economies of scale and buying power versus Tower today. We like to quantify what upside there could be when we analyse various investment scenarios, and whilst we have no insight into whether TWR could be acquired, on paper it makes a lot of sense to us. Critically, we are not paying for that optionality in the share price today, we own a share in a business with a strong brand, that pays a 7-8% dividend yield that can grow. The company is redeploying its excess capital to shrink the share count through a buyback, which will enhance return on equity, earnings per share and dividend per share growth. There are weather related risks which will always be unknown until they arrive, but the long-term nature of insurance is to increase premiums in the years after big storms to recover losses.



Outlook

The equity bull market that began in March 2009 is now over six years old, which is quite long in the tooth if you look at history. We are mindful of this, and have some defensive investments, but are also still finding attractive investments.

Markets have ups and downs, that is how they work, but in the long-term they rise. If we were to enter a bear market today we believe that the Company is well positioned to take advantage of the opportunities that low prices will bring over the coming years since we invest with a medium to long term horizon.

One mistake that investors sometimes make is to second guess their portfolio manager. In a period of gloom and doom one might be tempted to sell. However, an active manager with a long-term horizon may be repositioning the portfolio in the gloom and buying great businesses for a song (since everyone is selling). That might be the very time to add capital to managers that really have a long-term outlook (and there aren't many in our opinion). We believe that active fund managers are often very defensively positioned at the bottom of stock markets (they own food companies, pharmaceuticals, tobacco and utilities for example) and are obsessed with monthly performance relative to their index. This means that other sectors, that will be experiencing tough trading conditions, will be under-owned and possibly very cheap. We would likely be investing against the tide and therefore bear markets, for us, are great opportunities.

We look forward to working hard to growing all shareholder's capital in KGI in the decades ahead.

Yours sincerely,



Connor Grindlay
Portfolio Manager
15 September 2015

DIRECTORS' REPORT

GENERAL MATTERS

Your directors present their report on Kaizen Global Investments Limited (the Company, or KGI) for the financial period ended 30 June 2015. The Company is a public company listed on the National Stock Exchange of Australia (NSX).

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Principal activities

The Company's principal activity during the year was investing in global securities, and there were no significant changes in the nature of those activities during the period.

Operations

The Company was incorporated in September 2014. The Company issued a prospectus to raise capital and float on the NSX in January 2015. The Company raised \$2,237,001, and 2,237,001 fully paid ordinary shares commenced trading on 23 March 2015.

As at 30 June 2015, the Company had approximately 90% invested with approximately 63% equity exposure to the United States, 15% to the United Kingdom, 7% in Switzerland, 5% in Australia, 4% in Hong Kong, 4% in Norway and 2% in Canada. For the period to June 30 2015, the Company recorded a pre-tax loss of \$27,912. As at 30 June 2015 the Company's Net Tangible Assets ("NTA") fell to \$2,153,467 before tax and \$2,176,462 after tax.

KGI will invest with a long-term horizon (3-5 years or more) and therefore we do not give too much weight to short-term results. We are also focussed on growing our shareholders' post-tax NTA per share in absolute terms, as we believe that you cannot live on or eat relative performance. In terms of short-term performance, KGI's NTA fell by 0.78% to end 30 June (after payment of IPO costs), versus the Vanguard Total World Stock index, in Australian dollars, which fell by approximately 1.11% and the Australian S&P/ASX 200 fell by 7.34% over the same period.

Dividends

No dividends or distributions have been paid to members during the year. No dividends or distributions were recommended or declared for payment to members, but not paid, during the year.

Significant changes

There have been no significant changes in the Company's state of affairs during the year. No matters or circumstances have arisen since the end of the year that have significantly affected, or may significantly affect the Company's operations in future financial years; or the results of those operations in future financial years; or the Company's state of affairs in future financial years; and, there are no imminent likely developments in the Company's operations in future financial years.

Environmental issues

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Future developments, prospects & business strategies

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders. This will require the continued review of the investment strategy that is in place and may from time-to-time require some changes to that strategy.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

The Company's financial position is set out in its Financial Statements at pages 17 to 19.

Information on Directors

The following persons have been a director of the Company at all times during, or since, the end of the year:

NAME**PERIOD AS DIRECTOR**

Jason Conor Grindlay or Connor Grindlay

26 September 2014 to date

Simon Charles Winfield

26 September 2014 to date

Andre Lloyd Edmunds

4 November 2014 to date

CONNOR GRINDLAY**MANAGING DIRECTOR**

Qualifications

MEng

Experience

Board member since September 2014. Director of Kaizen Capital Pty Ltd since May 2009. Connor has worked in financial services in London, New York and Sydney for over 18 years.

Interest in Shares and Options

425,001 ordinary shares and 425,000 options (personally held).

Special Responsibilities

Board member; declaration relating to statutory accounts under s 295A Corporations Act; Audit Committee member.

Directorships held in other listed entities

None.

SIMON WINFIELD**EXECUTIVE DIRECTOR**

Qualifications

MBA

Experience

Board member since September 2014. Director of Kaizen Capital Pty Ltd since October 2009 and of a private agricultural technology company. Over 34 years of broad executive, operational and investment experience.

Interest in Shares and Options

105,000 ordinary shares and 105,000 options

Special Responsibilities

Chairman; Audit Committee member; Trading Officer (Company Share Trading Policy).

Directorships held in other listed entities

None.

ANDRE EDMUNDS

Qualifications

Experience

Interest in Shares and Options

Special Responsibilities

Directorships held in other listed entities

NON-EXECUTIVE DIRECTOR

BEng.

Board member since November 2014. Director of a consultancy and executive advisory company since 2007. Over 18 years of diverse operational and IT delivery experience gained across multiple industry sectors.

110,000 ordinary shares and 110,000 options.

Board member; Audit Committee member.

None.

MEETINGS OF DIRECTORS

During the financial year, the following meetings of directors were held. Attendances were:

| | Directors Meetings | | Directors present |
|--|---------------------------|-----------------|-------------------|
| | Number eligible to attend | Number attended | |
| 4 November 2014 | 3 | 3 | CG, SW, AE* |
| 18 November 2014 | 3 | 3 | CG, SW, AE |
| 28 November 2014 | 3 | 3 | CG, SW, AE |
| 31 December 2014 | 3 | 3 | CG, SW, AE |
| 12 January 2015 (circulating resolution) | 3 | 3 | CG, SW, AE |
| 21 January 2015 (circulating resolution) | 3 | 3 | CG, SW, AE |

*CG = Connor Grindlay; SW = Simon Winfield; AE = Andre Edmunds

Information on Officers

Lisa Grindlay BA, LLB (Hons) is the Company Secretary and was at all times during the period. Lisa has over 13 years of legal experience, gained as both a solicitor and barrister. She has been company secretary for the Company since September 2014, and for Kaizen Capital Pty Ltd since October 2009. Lisa holds 25,000 ordinary shares and 25,000 options in the Company. She also jointly holds a further 350,000 ordinary shares and 350,000 options.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to maintaining high standards of safety, performance and corporate governance for the Company and any entities it may control. To foster good corporate governance the Company has developed a set of core values and behaviours that underpins its activities and ensures transparency, fair dealing and protection of the interests of all stakeholders – including shareholders, personnel, suppliers and communities – with which it operates.

Below is a summary of the Company's full Corporate Governance Statement, which is available on the Company website.

Board of Directors

In general the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board takes advice from the Audit Committee on matters within its Charter, however the Board retains final decision-making authority on those matters.

The Board will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the and procedures outlined in the Company's Constitution and the Corporations Act.

The Company's constitution requires one third of the Directors to retire at each Annual General Meeting. The Director(s) who retire(s) under this rule are those who have held office the longest since last being elected or appointed. This rule does not apply to the Managing Director.

The Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

Executive and Non-Executive Directors

The Company currently has two Executive Directors - the Managing Director and Chairman. The Board believes that the benefits to shareholders of a separate, independent Non-Executive Chairman, CEO and CFO does not outweigh the disadvantage of the real or perceived divergence of command and the additional remuneration and administrative expenses involved. However, the Board will periodically review whether it would be more appropriate to appoint an independent Non-Executive Chairman, CEO and CFO.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Board currently has one Non-Executive Director. The Board as a whole is satisfied that the Non-Executive Director brings an independent discretion to his deliberations, unaffected by the executive status of the Chairman.

Meetings of the Board

The Board holds regular meetings, and holds additional meetings whenever necessary to deal with specific matters requiring attention. Directors' circulatory resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must disclose to the Board actual or potential conflicts between the interests of the Director and those of the Company; and if requested by the Board, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest, then the Director must absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (unless the law allows otherwise).

Related-Party Transactions

Related-party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the NSX Listing Rules. Unless there is an exemption from the requirement to obtain shareholders' approval for the related-party transaction, the Board may not approve the transaction. The Company will also disclose related-party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

Share Dealings and Disclosures

The Company has adopted a Share Trading Policy, which applies to Directors and employees of the Company and contractors who have agreed to be bound by the policy. The policy is designed to explain the type of conduct in relation to dealings in the Company's securities that is prohibited under the relevant law and by the Company, including insider trading; and establish a procedure for buying, selling or otherwise dealing in the Company's securities.

Independent Professional Advice

Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

Audit Committee

The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. It has an audit oversight function, with key responsibilities being to review and approve the audited annual and auditor reviewed half-yearly financial reports, to review reports from management and matters related to the external auditor and a risk management function. The Audit Committee currently comprises all members of the Board.

CEO and CFO Declarations

The Company has a Managing Director and the Board has determined that (pursuant to section 295A(3) Corporations Act) the Managing Director is the appropriate person to make the CEO/CFO equivalent declaration in relation to the Company's financials.

External Auditor

The Company's external auditor is selected for its professional competence, reputation and the provision of value for professional fees. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Continuous Disclosure to NSX

In accordance with the law, the Company continuously notifies the NSX of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Market and Shareholder Communications

Shareholders own the Company. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to be aware of how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors must be able to ascertain the shareholders' views on matters affecting the Company.

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. Information is communicated to shareholders and the market through various means including the Company's website and social media presence, emails and notifications, and the NSX website.

Risk Committee

As a consequence of the size and composition of the Company's Board, the Board does not have a stand-alone Risk Committee. However, the Company's Audit Committee has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues.

Internal Audit

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, the expense of an independent internal auditor is not considered to be appropriate.

Remuneration Committee

Due to the nature and size of the Company, the Board does not currently have a Remuneration Committee with a remuneration and nomination function.

Equity-Based Remuneration Scheme

The Company does not have an Employee Share Option Plan (ESOP) and has not issued equity-based remuneration (including shares and options) to Directors or Senior Management.

REMUNERATION REPORT (AUDITED)

Remuneration policy

The Board's policy for determining the nature and amount of remuneration of the key management personnel for the Company was set out in the Company's prospectus (Section 6.10) and is as follows: The Directors will be entitled to receive a maximum total remuneration (including superannuation) of up to \$75,000 per annum to be divided amongst themselves in such proportion as they agree. However, the Directors have agreed to waive any fee which they would otherwise be entitled to until the earlier of 30 June 2016, or until

such time as the net assets of the Company exceed \$5 million. The Board's policy is designed to keep the Company's operating costs down.

There is no relationship between the Board's remuneration policy, and each member of the key management personnel for the Company, and the Company's performance.

Details of remuneration for period ended 30 June 2015

The Company has three Directors and one Company Secretary. Details of the remuneration for each officer of the Company was as follows:

| 2015 | Salary & fees | Superannuation contributions | Other | Total |
|-----------------|---------------|------------------------------|-------|-------|
| Connor Grindlay | Nil | Nil | Nil | Nil |
| Simon Winfield | Nil | Nil | Nil | Nil |
| Andre Edmunds | Nil | Nil | Nil | Nil |
| Lisa Grindlay | Nil | Nil | Nil | Nil |

Securities holdings – ordinary shares

Number of shares held by directors

| | Balance 26/09/14 | Received as remuneration | Options exercised | Other change* | Balance 30/06/15 |
|-----------------|---------------------|-----------------------------|----------------------|---------------|---------------------|
| Connor Grindlay | 1 | Nil | Nil | 400,000 | 400,001 |
| Simon Winfield | Nil | Nil | Nil | 50,000 | 50,000 |
| Andre Edmunds | Nil | Nil | Nil | 105,000 | 105,000 |
| Total | | | | | 555,001 |

Securities holdings - options

| | Balance 26/09/14 | Received as remuneration | Options exercised | Other change | Balance 30/06/15 |
|-----------------|---------------------|-----------------------------|----------------------|--------------|---------------------|
| Connor Grindlay | Nil | Nil | Nil | 400,000 | 400,000 |
| Simon Winfield | Nil | Nil | Nil | 50,000 | 50,000 |
| Andre Edmunds | Nil | Nil | Nil | 105,000 | 105,000 |
| Total | | | | | 555,000 |

* Other change refers to shares/options purchased or sold during the financial period.

Options

Options were granted to the directors and all shareholders of the Company during the Company's IPO. No options were granted to the Company's directors as part of their remuneration. No shares or interests have been issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests. No shares or interest were issued as a result of exercise of options.

The Company's Listed Options, \$1.00 expiring 27 February 2016, are:

| Holdings ranges | Holders | Total units | % |
|--------------------------|-----------|------------------|----------------|
| 1 – 1,000 | 0 | 0 | 0.000 |
| 1,001 – 5,000 | 31 | 155,000 | 6.929 |
| 5,001 – 10,000 | 9 | 87,000 | 3.889 |
| 10,001 – 100,000 | 22 | 920,000 | 41.127 |
| 100,001 – 99,999,999,999 | 4 | 1,075,000 | 48.055 |
| Totals | 66 | 2,237,000 | 100.000 |

INDEPENDENCE DECLARATION

Auditor

The auditor's independence declaration for the period ended 30 June 2015 has been received and may be found on page 33 of the Annual Report.

Indemnities and Insurance

The Company gave indemnities to each Director during or since the end of the year. A summary of those indemnities is set out below.

The Company will indemnify the Officer of the Company against any liability (other than legal costs) incurred in acting as a director or officer of the Company other than:

- a liability owed to the Company or a Related Party;
- a liability for a pecuniary penalty order under section 1317G or a compensation order under section 1317H of the Corporations Act; or
- a liability that did not arise out of conduct in good faith or a liability or loss incurred as a

result of the fraud, breach of fiduciary duty or gross negligence of the Officer.

The insurance premiums paid during or since the end of the year for a person who is or has been an officer were \$12,352.

Non-audit services and auditor independence

The Company has not requested that the auditor perform any non-audit services, nor has the company paid the auditor for any non-audit services, during the period.

Omissions

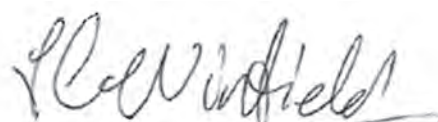
The Company has not omitted from this report any prejudicial material that would otherwise be required to be included by law.

DIRECTORS' DECLARATION

The above Directors' Report dated 15 September 2015 has been made in accordance with a resolution of the Board of directors made on 15 September 2015 and is signed by:

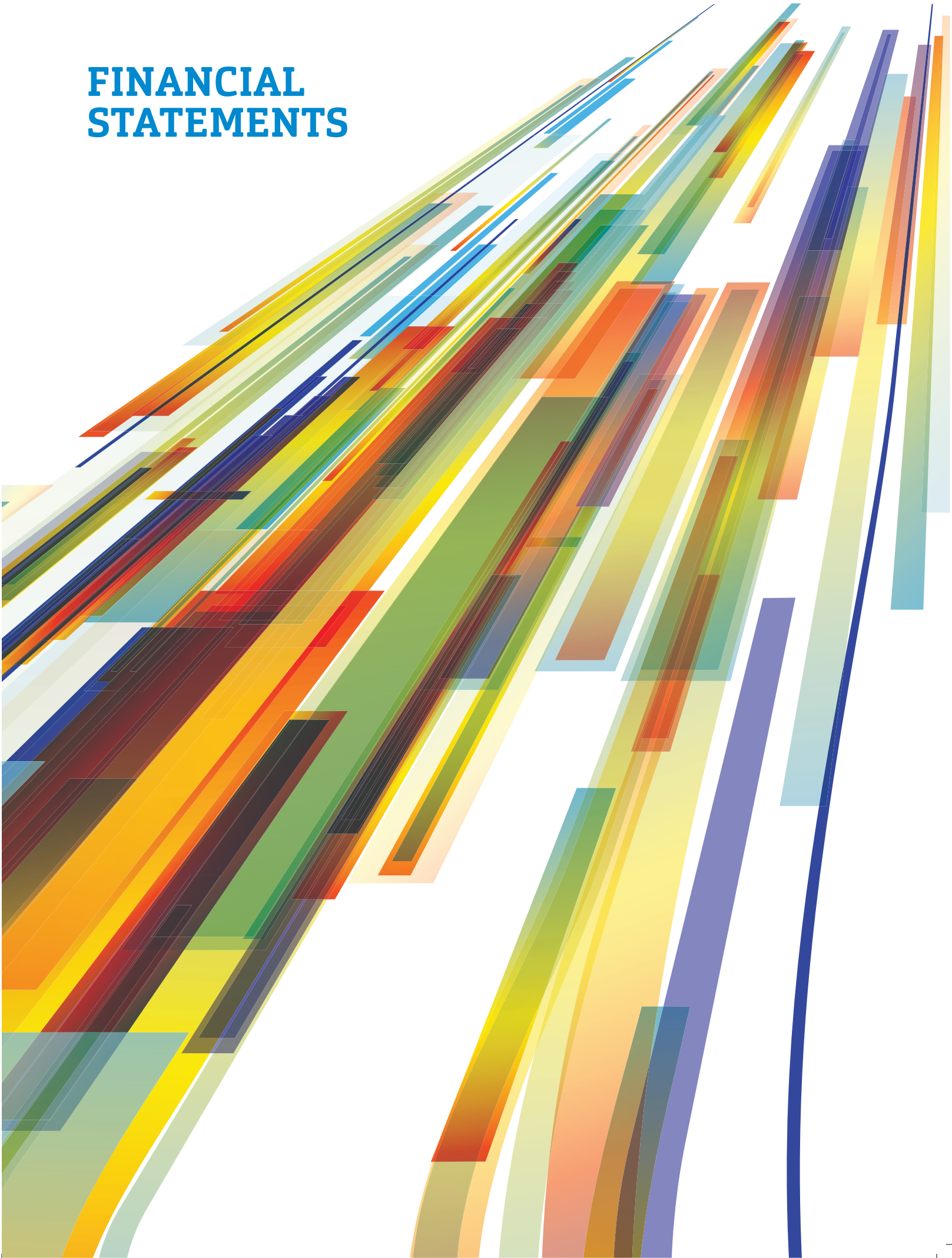


Jason Connor Grindlay
Managing Director
15 September 2015



Simon Charles Winfield
Chairman
15 September 2015

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 2015

| | Note | 2015 \$ |
|---|------|-----------------|
| Income from deposits | 4 | 5,278 |
| Income from dividends | 4 | 7,097 |
| Net changes to net fair value of investments | 5 | (31,512) |
| Total income from ordinary activities | | (19,137) |
| Administration expenses | 6 | (19,082) |
| Operating (loss) before income tax | | (38,219) |
| Income tax benefit relating to ordinary activities | 7 | 10,307 |
| Profit/ (loss) attributable to members of the company | | (27,912) |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | - |
| Items that may be reclassified subsequently to profit or loss | | - |
| Other comprehensive income for the financial period | | - |
| Total comprehensive (loss) for the financial period | | (27,912) |
| Loss per share | | |
| Basic loss per share (cents per share) | 13 | (1.25) |
| Diluted loss per share (cents per share) | 13 | (1.25) |

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

| | Note | 2015 \$ |
|---|------|------------------|
| Cash and cash equivalents | 8 | 205,735 |
| Trade and other receivables | 9 | 60,790 |
| Financial assets held at fair value through profit or loss | 10 | 2,018,397 |
| Deferred tax assets | 11 | 22,995 |
| TOTAL ASSETS | | 2,307,917 |
| LIABILITIES | | |
| Trade and other payables | 12 | 14,395 |
| Financial liabilities held at fair value through profit or loss | 10 | 117,060 |
| Deferred tax liabilities | 11 | - |
| TOTAL LIABILITIES | | 131,455 |
| NET ASSETS | | 2,176,462 |
| EQUITY | | |
| Issued capital | 14 | 2,204,374 |
| Accumulated losses | | (27,912) |
| TOTAL EQUITY | | 2,176,462 |

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

| 2015 | Issued capital \$ | Accumulated Losses \$ | Total \$ |
|---|----------------------|-----------------------------|------------------|
| Balance on incorporation | - | - | - |
| Total comprehensive loss for the period | - | (27,912) | (27,912) |
| | - | (27,912) | (27,912) |
| Transactions with owners in their capacity as owners | | | |
| Shares issued during the period | 2,237,001 | - | 2,237,001 |
| Cost of equity issue | (32,627) | - | (32,627) |
| | 2,204,374 | - | 2,204,374 |
| Balance at 30 June 2015 | 2,204,374 | (27,912) | 2,176,462 |

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

| | Note | 2015 \$ |
|--|------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | | 5,866 |
| Dividends Received | | 2,642 |
| Payments to suppliers | | (9,950) |
| Bank charges | | (50) |
| Net cash used in operating activities | 17 | (1,492) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases to acquire financial assets | | (2,210,869) |
| Sales of Financial Assets | | 212,191 |
| Net cash used in investing activities | | (1,998,678) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Shares | | 2,237,001 |
| Capital raising costs | | (48,312) |
| Loan From Related Parties | | 799 |
| Net cash provided by financing activities | | 2,189,488 |
| Net increase in cash held | | 189,318 |
| Cash at beginning of period | | - |
| Effect of Exchange Rate Changes | | 16,417 |
| Cash at end of period | 8 | 205,735 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 2015

1. INCORPORATION AND ACTIVITIES

Kaizen Global Investments Limited is an NSX Listed Investment Company incorporated under the Corporations Act 2001 (the Corporations Law) on 26 September 2014. The principal activity of the Company is to generate long-term capital appreciation while preserving capital. The Company invests substantially in global listed equities.

Kaizen Capital Pty Ltd is the investment manager of the Company (the Investment Manager).

2. BASIS OF PREPARATION

The financial Statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations, and other laws that apply

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards (IFRS)

All Amounts are presented in Australian dollars unless otherwise noted.

The financial statements of the Company for the period ended 30 June 2015 were approved by the Directors on 13 September 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations effective as of 1 July 2015

This is the first year the Company has prepared Financial Statements.

The Company has not applied any Australian Accounting Standard or AASB132 interpretations that have been issued at Balance Date but not yet operative for the period ended 30th June 2015. The

impact of such standards is immaterial. The company will adopt new standards and interpretations when they become mandatory.

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in historical cost conventions.

a) Financial instruments

Financial instruments are classified as financial assets and financial liabilities at FVTPL in accordance with ASSB 139 "Financial Instruments: Recognition and Measurement". The category of financial assets and financial liabilities at fair value through profit or loss is sub-divided into:

Financial instruments held-for-trading: Financial assets held-for-trading include equity securities and derivatives. These assets are acquired principally for the purpose of generating a profit from active trading and short-term fluctuation in price. All derivative instruments are classified as held for-trading. Derivative financial instruments entered into by the Company do not meet the hedge accounting criteria as defined by AASB139. Consequently, hedge accounting is not applied by the Company.

Financial instruments designated as at FVTPL upon initial recognition: These include equity securities and debt instruments that are not held-for-trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The financial information about these financial instruments is provided internally on that basis to the Investment Manager and to the Board of Directors.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables in the financial statements comprise of balances with banks.

Recognition and Measurement

Financial assets and financial liabilities are initially recognised at cost, being the fair value of the consideration given. All transaction costs for such instruments are recognised in the statement of profit and loss and other comprehensive income. After initial recognition, these investments are remeasured at fair value with both realised and unrealised gains and losses recorded in the statement of profit and loss and other comprehensive income in "income from financial assets and financial liabilities at FVTPL".

Loans and receivables that are not quoted in an active market are stated at original invoice amount less an allowance for any impaired amounts. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the carrying amount of the financial asset or liability.

Trade Date

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase or sell the asset.

Realised gains and losses on investments are calculated by reference to the net proceeds received on disposal and the average cost attributable to those investments. Unrealised gains and losses are calculated by reference to the fair value and average cost attributable to those investments.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (i) the rights to receive cash flows from the asset have expired;
- (ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay the cash flows received in full without material delay to a third party under a 'pass through' arrangement;
- (iii) the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair value

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 at FVTPL is determined by reference to quoted market bid prices for financial assets and ask prices for financial liabilities at the close of business on the statement of financial position date.

Impairment

The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as a credit loss expense.

b) Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise of balances with banks, which have original maturities of less than ninety

days. Cash and cash equivalents are short-term highly liquid assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

c) Accrued expenses

Liabilities are recognised for amounts to be paid in the future for services received, whether billed or not. Accrued expenses are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

d) Functional and presentation currency

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into \$AUD at the rate of exchange prevailing at the statement of financial position date. Any gains or losses on translation of monetary assets and liabilities are taken to Recognition and Measurement

Translation gains or losses on investments at FVTPL are included in the statement of comprehensive income under net loss on financial assets and financial liabilities at FVTPL.

e) Interest income and expense

Interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

f) Dividend income

Dividend is recognised when the right to receive the dividend is established.

g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are offset in the statement of profit and loss and other comprehensive income when it reflects the substance of the transaction or other event.

h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Unless included in the effective interest calculation, fees and commission expenses are recognised on an accrual basis. Legal and audit fees are included within 'general and administrative expenses'.

i) Net assets attributable to holders of Participating Shares

AASB132 "Financial Instruments: Presentation" requires entities that issue financial instruments to classify such instruments as liabilities or equity in accordance with the substance of the contractual arrangement and the definitions contained within AASB132 of a financial liability and equity instrument.

The issued by the Company provide the participating shareholders with the right to redeem their shares for cash equal to their proportionate share of the net asset value of the Company. Also, the private placement memorandum ("PPM") allows the Company to issue multiple classes of shares with varying terms on fees and redemption. As such, within the context of AASB132, the Participating Shares issued by the Company are classified as financial liabilities.

The liability to participating shareholders is presented in the statement of financial position as net assets attributable to holders of Participating Shares" and is determined based on the residual assets of the Company after deducting the Company's other liabilities.

j) Fair value measurement

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of principal market, in the most

advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

k) Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make

judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

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

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The primary objective of the Company is to generate returns in Australian Dollars ("AUD"). The operation of the Company is managed on a day-to-day basis in AUD. The Company's performance is evaluated in AUD. Therefore, the management considers the AUD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimates and assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below. The Company based its estimates and assumptions on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial

position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

The Company's investment in contract for difference requires inputs to the models in order to estimate the fair value of these financial instruments. The valuations of these instruments are provided by the broker considering liquidity and other inputs such as credit risk, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position. The Directors and management believe that the estimates utilised in arriving at the fair value of these financial instruments are reasonable and prudent; however, actual results could differ from these estimates

(I) Income Tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the Australian income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at the reporting date. The tax rate is applied to the cumulative amounts of

deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

NOTE 4: OPERATING PROFIT BEFORE INCOME TAX EXPENSE

Income from deposits

| | |
|----------------------------|--------------|
| Interest received | 5,278 |
| Total income from deposits | 5,278 |

Income from dividends

| | |
|-----------------------------|---------------|
| Dividends income | 7,097 |
| Total income from dividends | 7,097 |
| Total revenue | 12,375 |

NOTE 5: NET FAIR VALUE FROM INVESTMENTS

| | |
|----------------------|-----------------|
| Realised gain/loss | (16,121) |
| Unrealised gain/loss | (15,391) |
| | (31,512) |

| | 2015 \$ |
|--|------------------------|
| NOTE 5: NET FAIR VALUE FROM INVESTMENTS | |
| Realised gain/loss | (16,121) |
| Unrealised gain/loss | (15,391) |
| | <u>(31,512)</u> |

NOTE 6: ADMINISTRATION EXPENSES

| | |
|--------------------------------------|----------------------|
| Accountancy fees | 1,719 |
| Auditor's remuneration | 5,000 |
| Nomad | 513 |
| Management fee | 9,457 |
| Share registry fees | 2,343 |
| Other expenses | 50 |
| Total administration expenses | <u>19,082</u> |

NOTE 7: INCOME TAX EXPENSE

The components of tax expense comprise

| | |
|--|----------------------|
| Increase in deferred tax liabilities - other | 22,995 |
| (Increase) in deferred tax assets - other | (12,688) |
| Tax on equity | <u>10,307</u> |

NOTE 8: CASH AND CASH EQUIVALENTS

| | |
|------------------|-----------------------|
| Cash at bank | 205,735 |
| Deposits at call | - |
| | <u>205,735</u> |

All cash investments are invested with Authorised Deposit Taking Institutions. Only part of the deposits is guaranteed by the Commonwealth of Australia. The credit risk exposure of the company in relation to cash and cash equivalents is the carrying amount and any unpaid accrued interest.

NOTE 9: TRADE AND OTHER RECEIVABLES

| | |
|-------------------------------|----------------------|
| Dividends receivable | 4,455 |
| Prepaid expenses | 2,750 |
| Due from Broker | 49,410 |
| Goods and services tax refund | 4,175 |
| | <u>60,790</u> |

Receivables are non-interest bearing and unsecured. The credit risk exposure of the company in relation to receivables is the carrying amount. At the reporting date none of the trade and other receivables are past due.

2015
\$

NOTE 10: FINANCIAL ASSETS

Financial assets held at fair value through profit or loss

| | |
|---|------------------|
| Measured at fair value through profit or loss | 2,018,397 |
| | <u>2,018,397</u> |

Financial Assets are exchange traded securities (equities and options). The credit risk exposure of the company in relation to Financial Assets is the carrying amount. All financial assets are categorised as Level 1 financial assets (measured using quoted market prices).

Financial liabilities held at fair value through profit or loss

| | |
|---|----------------|
| Measured at fair value through profit or loss | 117,060 |
| | <u>117,060</u> |

NOTE 11: DEFERRED TAX ASSET AND LIABILITIES

The deferred tax asset is made up of the following estimated tax benefits

| | |
|-------------------------|---------------|
| - Tax losses | 5,690 |
| - Temporary differences | 17,305 |
| | <u>22,995</u> |

Deferred tax liabilities attributable to:

| | |
|------------------------------|----------|
| - Temporary differences | - |
| - Deferred capital gains tax | - |
| | <u>-</u> |

NOTE 12: TRADE AND OTHER PAYABLES

| | |
|-----------------------------|---------------|
| Interest | 588 |
| Management fee payable | 5,149 |
| Administration fees payable | 194 |
| Audit fee payable | 5,000 |
| Listing Fees Payable | 2,515 |
| Other payables | 949 |
| | <u>14,395</u> |

NOTE 13: LOSS PER SHARE

| | 2015 \$ |
|--|------------------|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 2,237,001 |
| Weighted average number of options outstanding | 2,237,000 |
| Weighted average number of ordinary shares used in calculation of dilutive earnings per share | 2,237,001 |
| | \$ |
| Loss attributable to members of the company | (27,912) |
| | Cents |
| a. Basic loss per share | 1.25 |
| b. Diluted loss per share | 1.25 |

NOTE 14: ISSUED CAPITAL AND OPTIONS

Shares

Movements in issued capital of the company during the financial period were as follows:

| Date | Details | Ordinary Shares | | Issued Capital |
|-----------------|-------------------|------------------|-------------|------------------|
| | | No. | Price \$ | |
| 26.09.14 | At incorporation | - | - | - |
| 27.02.15 | Issue | 2,237,001 | 1 | 2,237,001 |
| 19.03.15 | Issue Costs (Net) | | | (32,627) |
| 30.06.15 | Balance | 2,237,001 | | 2,204,374 |

All ordinary shares rank equally inter se for all purposes of participation in profits or capital of the company.

No Options have been exercised in the financial period.

Options

Movements in issued options during the financial year were as follows:

| Date | Details | Options | Price \$ | Issued Capital \$ |
|-----------------|------------------|------------------|-------------|----------------------|
| | At incorporation | - | - | - |
| 27.2.15 | Issue | 2,237,001 | - | - |
| 30.06.15 | Balance | 2,237,001 | | - |

The Options entitle the holder to the issue of one ordinary share upon payment to the company of \$1.00 at any time up to 27th February 2016 at the reporting date none of the options had been exercised.

NOTE 15: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:
Auditing and reviewing the financial reports

2015

\$

5,000

NOTE 16: SEGMENT REPORTING**(a) Description of segments**

The Board makes the strategic resource allocations for the Company. The Company has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for the Company's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

(b) Segment information provided to the Board

The internal reporting provided to the Board for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards.

The Board considers the Company's net asset backing per share after tax to be a key measure of the Company's performance.

NOTE 15: AUDITOR'S REMUNERATION**Cents**

97.29

NOTE 17 CASH FLOW INFORMATION**2015**

\$

a. Reconciliation of cash flow from operations with loss after income tax

| | |
|--|----------------|
| Profit/ (loss) after income tax | (27,912) |
| Changes to net fair value of investments | 31,512 |
| (Increase)/decrease in trade and other receivables | (8,370) |
| Increase/(decrease) in trade payables and accruals | 13,585 |
| (Increase)/decrease in taxes payable | (10,307) |
| Cash flow from operations | (1,492) |

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions with related parties:

Related party**Ordinary
Shares**

Kaizen Capital Pty Ltd

305,000

NOTE 19: FINANCIAL RISK MANAGEMENT

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors is responsible for overall management of these risks. The Investment Manager's objective is to assess, continuously measure and manage the risks of the portfolio, according to the investment objective; the investment policy and the overall risk profile of the Company.

The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Company are discussed below.

(a) Market risk

Market risk arises from fluctuations in equity prices, interest rates and foreign exchange rate.

(i) Price risk

All investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Company's overall market positions are monitored on a regular basis by the Company's Investment Manager.

The Company's financial assets and financial liabilities at FVTPL are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Price risk sensitivity

The Manager's best estimate of the impact on operating profit and shareholders equity due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the following table. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

| Financial assets at FVTPL | % change in market price | Impact on operating profits/ Shareholders equity (AUD) | Impact in % on operating profits/ Shareholders equity |
|--|--------------------------|--|---|
| FTSE 100 Index | +5% | 14,563 | 0.73% |
| S&P 500 | +5% | 63,253 | 3.18% |
| Hang Seng Index | +5% | 5,513 | 0.28% |
| S&P/ASX 200 | +5% | 1,482 | 0.07% |
| Swiss market | +5% | 6,969 | 0.35% |
| Norwegian market | +5% | 4,212 | 0.21% |
| Canada | +5% | 1,184 | 0.06% |
| Sweden | +5% | 7,269 | -0.38% |
| Total change if all indices moved | +5% | 104,445 | 4.50% |

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of the financial instruments. The Company is exposed to interest rate risk only on its balances with banks.

The sensitivity of the Company's profit or loss for the year and the net assets attributable to holders of Participating Shares to a reasonably possible change in interest rates by 25 basis points, with all other variables held constant would have resulted in increase in interest income of AUD 514.

A decrease by 25 basis points would result in an equal but opposite effect on interest income to the figure shown above, on the basis that all other variables remain constant.

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument denominated in foreign currencies may be affected favourably or unfavourably by fluctuations in currency rates.

The table below indicates the currencies to which the Company had significant exposure at 30 June 2015. The analysis discloses the Investment Manager's best estimate of the effect of a reasonably possible movement of 5% weakening of the Australian dollar against the listed currencies held, with all other variables held constant on the operating profits/Shareholders equity.

| Net Currency holding | % change in Australian dollar | Impact on operating profits/ Shareholders equity (AUD) |
|----------------------|-------------------------------|---|
| CAD | 5% | (136) |
| CHF | 5% | 6,892 |
| EUR | 5% | (9) |
| GBP | 5% | 15,091 |
| HKD | 5% | (288) |
| NOK | 5% | 89 |
| SEK | 5% | (843) |
| USD | 5% | 54,105 |

A strengthening of the Australian dollar by 5% would be expected to have the opposite effect to the table.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company invests its assets in investments that are traded in an active market and can be readily disposed of. The Company's quoted securities are considered readily realisable. The Investment Manager monitors the Company's liquidity position on a daily basis. Credit and liquidity risks are measured prior to making an investment and during the holding period, and is reviewed whenever risk parameters might change or be impacted by internal or external events.

(i) Maturities of non-derivative financial liabilities

| | Less than 1 MONTHS | 1-6 MONTHS | 6-12 MONTHS | Over 12 MONTHS | TOTAL |
|---|-----------------------|---------------|----------------|-------------------|--------|
| 30 June 2015 | \$ | \$ | \$ | \$ | \$ |
| Payables | 5,931 | 8,464 | - | - | 14,395 |
| Contractual cash flows (excluding derivatives) | 5,931 | 8,464 | - | - | 14,395 |

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired or 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.

The Company has a policy to maintain balances with reputed banks and brokers to minimise the counterparty risk. Credit risk is measured by the Investment Manager prior to making an investment and during the holding period, and is reviewed whenever risk parameters might change or be impacted by internal or external events.

Substantially all of the assets of the Company are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the custodian the Company uses.

The Standard and Poor's credit rating on the company's counterparties as 30 June 2015 are:

- Interactive Brokers LLC: BBB+ Outlook stable
- St. George bank Ltd (Westpac Group): AA- Outlook stable

(d) Capital Management

The Company's objective in managing capital and investment is to maximize compound after-tax returns for shareholders by investing in a predominantly global equity portfolio. The Company recognises that its capital position and market price will fluctuate 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 14: Issued capital and options.

NOTE 20: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No 4) the company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

NOTE 21: SUBSEQUENT EVENTS

There are no subsequent events that require disclosure post 30 June 2015.

DIRECTORS' DECLARATION

In accordance with the resolution of directors' of Kaizen Global Investments Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 31, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the period ended on that date of the Company;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the directors have been given the declarations required by s295A of the Corporations Act 2001 that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and

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

On behalf of the Directors:



JASON CONOR GRINDLAY
Managing Director
15 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Securities

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15 September 2015

Board of Directors
Kaizen Global Investments Limited
Suite 409
350 George Street
Sydney NSW Australia 2000

Dear Sirs

RE: KAIZEN GLOBAL INVESTMENTS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Kaizen Global Investments Limited.

As Audit Director for the audit of the financial statements of Kaizen Global Investments Limited for the period ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)


Martin Michalik
Director

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under Professional Standards Legislation*

Member of Russell
Bedford International



INDEPENDENT AUDIT REPORT

Stantons International Securities

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAIZEN GLOBAL INVESTMENTS LIMITED

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

Report on the Financial Report

We have audited the accompanying financial report of Kaizen Global Investments Limited, which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the period from incorporation to 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Kaizen Global Investments Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in page 15 of the directors' report for the period ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Kaizen Global Investments Limited for the period ended 30 June 2015 complies with section 300 A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

(Trading as Stanton's International)

(An Authorised Audit Company)

Stanton's International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
15 September 2015

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