

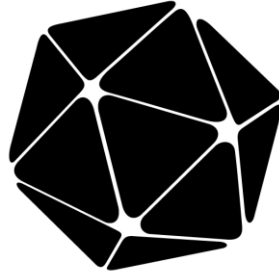
**KAIZEN GLOBAL INVESTMENTS LIMITED**  
A.C.N 602 033 670

**APPENDIX 3: HALF-YEAR REPORT for**  
**The half-year ended 31 December 2017**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

The results for this half-year report are for the period of 1 July 2017 to 31 December 2017.

	<b>2016</b>	<b>2017</b>	<b>Change</b>
Revenue from ordinary activities	(97,467)	112,748	n/a
Profit (loss) from ordinary activities before tax	(143,102)	60,877	n/a
Profit (loss) from ordinary activities after tax	(100,593)	45,873	n/a
<b>Dividends</b>	<b>Previous period</b>	<b>Current period</b>	<b>Previous corresponding period</b>
Franking rate applicable: n/a	n/a	n/a	n/a
<b>Interim dividend</b>			
Amount per security	n/a	n/a	n/a
Franked amount per security	n/a	n/a	n/a
	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per share post tax</b>	0.9337¢	0.9830¢	0.9684¢
<i>This report is based on the half-year financial report which has been subject to independent review by the Company's auditors, Stantons International Audit and Consulting Pty Ltd. Information required by the NSX Listing Rules is included. Information in this report should be read in conjunction with KGI's 30 June 2017 Annual Financial Report.</i>			



**KAIZEN GLOBAL**  
Investments

**Financial Report for the Half-Year  
Ended 31 December 2017**

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## COMPANY DETAILS

**KAIZEN GLOBAL INVESTMENTS LIMITED**  
ACN 602 033 670

**DIRECTORS:**

Jason Conor Grindlay / Connor Grindlay (Managing Director)  
Simon Charles Winfield (Chairman)  
Andre Lloyd Edmunds (Non-executive Director)

**SECRETARY:**

Lisa Grindlay

**FUND MANAGER:**

Kaizen Capital Pty Limited  
ACN: 137 114 160

**REGISTERED OFFICE:**

Suite 409  
350 George Street  
SYDNEY NSW 2000

**CONTACT DETAILS:**

Suite 409  
350 George Street  
SYDNEY NSW 2000  
Telephone: (02) 7903 0007  
Email: [info@kaizenglobalinvestments.com](mailto:info@kaizenglobalinvestments.com)  
Website: [kaizenglobalinvestments.com](http://kaizenglobalinvestments.com)

**SHARE REGISTRY:**

Boardroom Pty Limited  
Grosvenor Place, Level 12, 225 George Street, SYDNEY, NSW, 2000  
Telephone: 1300 737 760  
Facsimile: 1300 653 459

**AUDITOR:**

Stantons International Audit and Consulting Pty Limited  
Level 2, 22 Pitt Street,  
Sydney 2000.

**FUND ADMINISTRATOR:**

Apex Fund Services (Australia) Pty Limited  
Western House, Level 2  
83 William Street  
MEBLOURNE VIC 3000

## **DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

The Directors present their report on Kaizen Global Investments Limited (**the Company**, or **KGI**) for the financial period ended 31 December 2017. The Company is a public company listed on the National Stock Exchange of Australia (**NSX**). The following report complies with the requirements of the *Corporations Act* 2001.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is to generate long-term capital appreciation while preserving capital. The Company invests substantially in Global Listed Equities.

### **OPERATIONS**

For the half year ended 31 December 2017, the NTA per share of the Company increased by 1.5%. Investments are valued continuously to market value. For the half-year ended 31 December 2017, net investments were valued at \$3,487,161.

### **FINANCIAL POSITION**

The net asset value of the Company for the half-year ended 31 December 2017 was \$3,110,224

### **DIRECTORS**

The names of the Directors at any time during or since the end of the half-year:

Connor Grindlay – Managing Director  
Simon Charles Winfield – Executive Chairman  
Andre Lloyd Edmunds – Non-Executive Director

During the half-year period, Andre Edmunds retired as a director in accordance with the Company's Constitution, and was re-elected as a Director of the Company at KGI's Annual General Meeting held on 7 November 2017.

### **DIVIDENDS**

No dividends or distributions were recommended or declared during the half-year.

### **AUDITORS' INDEPENDENCE DECLARATION**

A copy of the Auditors' independence declaration in accordance with section 307C of the *Corporations Act* 2001 is set out on page 6.

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



C. GRINDLAY  
Director  
Dated: 27 February 2018

# AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia  
Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204  
ABN: 84 144 581 519  
www.stantons.com.au

27 February 2018

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 review of the financial statements of Kaizen Global Investments Limited for the period ended 31 December 2017, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



**Martin Michalik**  
Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	December 2017	December 2016
Income from deposits	(10,754)	504
Income from dividends	10,063	1,141
Net changes to net fair value of investments	113,439	(99,112)
<b>Total income/(loss) from ordinary activities</b>	<b>112,748</b>	<b>(97,467)</b>
Administration expenses	(51,871)	(45,636)
<b>Operating Profit/(loss) before income tax</b>	<b>60,877</b>	<b>(143,103)</b>
Income tax expense/benefit relating to ordinary activities	(15,004)	42,509
<b>Profit/(Loss) attributable to members of the company</b>	<b>45,873</b>	<b>(100,593)</b>
Other comprehensive income for the financial year	-	-
<b>Total comprehensive income/(loss) for the financial year</b>	<b>45,873</b>	<b>(100,593)</b>
<b>Overall operations</b>		
Basic Profit /(Loss) per share (cents per share)	1.4501	(3.8094)
Basic Profit /(Loss) per share (cents per share)	1.4501	(3.8094)

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

ASSETS	Note	December 2017 \$	30 June 2017 \$
Cash and cash equivalents		31,104	451,782
Trade and other receivables		16,709	14,213
Financial assets held at fair value through profit and loss	4	4,047,791	3,103,169
<b>CURRENT ASSETS</b>		<b>4,095,604</b>	<b>3,569,164</b>
Deferred tax assets		55,709	37,483
<b>TOTAL ASSETS</b>		<b>4,151,312</b>	<b>3,606,647</b>
<b>LIABILITIES</b>			
Trade and other payables		427,157	31,814
Financial liabilities held at fair value through profit and loss	4	560,630	491,410
Deferred tax liabilities		53,301	19,072
<b>TOTAL LIABILITIES</b>		<b>1,041,088</b>	<b>542,296</b>
<b>NET ASSETS</b>		<b>3,110,224</b>	3,064,351
<b>EQUITY</b>			
Issued capital	3	3,087,052	3,087,052
Retained Earnings		23,172	(22,701)
<b>TOTAL EQUITY</b>		<b>3,110,224</b>	<b>3,064,351</b>

The accompanying notes form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued capital	Accumulated losses	Total
<b>December 2017</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1.07.2017</b>	3,087,052	(22,701)	3,064,342
Issued (Net of Costs)	-	-	-
Profit for the half year	-	45,882	45,882
<b>Balance at 31.12.2017</b>	<b>3,087,052</b>	<b>23,172</b>	<b>3,110,224</b>
<b>December 2016</b>			
<b>Balance at 1.07.2016</b>	2,589,864	(23,639)	2,566,225
Issued (Net of Costs)	-	-	-
Loss for the half year	-	(100,593)	(100,593)
<b>Balance at 31.12.2016</b>	<b>2,589,864</b>	<b>(124,232)</b>	<b>2,465,632</b>

## STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	December 2017 \$	December 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received (paid)		(5,838)	(7,435)
Dividends Received		11,261	7,022
Finance Costs		-	-
Payments to suppliers		(50,313)	(39,288)
Net cash (used in) operating activities		<u>(44,890)</u>	<u>(39,701)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases to acquire financial assets		(1,206,506)	(2,153,012)
Sales of Financial Assets		436,209	1,727,513
Net cash (used in) investing activities		<u>(770,297)</u>	<u>(425,499)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Shares		-	-
Loan From Related Parties		-	-
Net cash provided by/ (used in) financing activities		<u>-</u>	<u>-</u>
<b>Net decrease in cash held</b>		<u><b>(815,187)</b></u>	<u><b>(465,200)</b></u>
Cash at beginning of period		451,782	868,422
Effect of Exchange Rate Changes		(2,696)	(17,227)
<b>Cash at end of period</b>		<u><b>(366,101)*</b></u>	<u><b>385,995</b></u>

\* Including \$397,204 overdraft in trade and other payables.

# **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) 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 year ended 31st December 2017 were approved by the Directors on 27 February 2018.

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.

### **(b) Accounting Policies**

There are no new and revised accounting requirements significantly affecting the half-year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2017 Annual Financial Report.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

### **(c) Details of Reporting Period**

The current reporting period is the half-year ended 31 December 2017.

### **(d) Segment Reporting**

#### **(1) 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.

#### **(2) 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.

### (e) Adoption of new and amended accounting standards and interpretations

The company has adopted all new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current year. The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies in order to comply with these amendments. However, the changes in accounting policies have no effect on the amounts reported for the current or prior years.

## 2. DIVIDENDS

### (a) Dividends paid during the year

No dividend was declared during the year.

### (b) Dividends not recognised during the period

Since the end of the half-year the Directors have not declared any dividends.

## NOTE 3: ISSUED CAPITAL AND OPTIONS

### Shares

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

Date	Details	Ordinary Shares No.	Price \$	Issued Capital \$
01.07.17	Balance	3,164,215	-	3,087,052
<b>31.12.17</b>	<b>Balance</b>	<b>3,164,215</b>	<b>-</b>	<b>3,087,052</b>
01.07.16	Balance	2,640,655		2,589,864
19.04.17	Issue	523,560	0.955	497,188
<b>31.12.16</b>	<b>Balance</b>	<b>3,164,215</b>		<b>3,087,052</b>

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

No Options have been exercised in the financial year.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and does not calculate a par value for issued shares.

#### 4. FINANCIAL INSTRUMENTS MEASURED AT 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 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.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2017:

31 December 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	3,447,791	600,000	-	4,047,791
Financial liabilities	(560,630)	-	-	(560,630)
<b>Total</b>	<b>2,887,161</b>	<b>600,000</b>	<b>-</b>	<b>3,487,161</b>

## DIRECTORS' DECLARATION

The Directors of Kaizen Global Investments Limited declare that:

1. The financial statements and notes, as set out on pages 11 to 13, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and,
  - (b) giving a true and fair view of the financial position of the Company as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'C. Grindlay', with a stylized flourish at the end.

C. GRINDLAY  
Director

Dated 27 February 2018, Sydney

# INDEPENDENT AUDITOR'S REVIEW REPORT

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

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West Perth WA 6872  
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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KAIZEN GLOBAL INVESTMENTS LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kaizen Global Investments Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Kaizen Global Investments Limited (the Company).

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Kaizen Global Investments Limited are responsible for the preparation of the half-year 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2017 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 Kaizen Global Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Kaizen Global Investments Limited on 27 February 2018.

*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 Kaizen Global Investments Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
27 February 2018