ANNUAL REPORT 2020

OZGROWTH
LIMITED

FINANCIAL HIGHLIGHTS

FULLY FRANKED DIVIDEND	0.6 CENTS
FULLY FRANKED DIVIDEND YIELD	3.5%[1]
DIVIDENDS PAID SINCE INCEPTION	$41.8m
ANNUALISED PORTFOLIO RETURN SINCE INCEPTION	7.3%[1]

1. As at 30 June 2020

CONTENTS

CONTENTS	PAGE
CORPORATE DIRECTORY	1
CHAIRMAN'S REPORT	2
INVESTMENT MANAGER'S REPORT	4
2020 FINANCIAL REPORT	7

CORPORATE DIRECTORY

REGISTERED OFFICE

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58 Mounts Bay Road
PERTH WA 6000
Telephone: (08) 9321 7877
Facsimile: (08) 9321 8288
Website: www.ozgrowth.com.au

AUDITORS

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

BANKERS

Westpac Banking Corporation
109 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 732 012

BOARD OF DIRECTORS

Jay Hughes
Non-Executive Chairman

Simon Joyner
Independent Non-Executive Director

Michael Jefferies
Independent Non-Executive Director

Anthony Hewett
Company Secretary

CHAIRMAN'S REPORT

ON BEHALF OF MY FELLOW DIRECTORS, I AM PLEASED TO PROVIDE THE 2020 ANNUAL REPORT FOR THE COMPANY.

Significant results of the year include:

- A net profit after tax of $3,095,216. This compares to a net loss after tax in the prior year of $5,342,998.
- A 20% increase in the annual dividend to 0.6 cents per share.
- A final dividend of 0.3 cents per share has been provided for in respect of the 2020 financial year. An interim dividend of 0.3 cents per share was paid in February 2020.
- The Company ended the 2020 financial year with $24,846,450 in profit reserve.
- At 30 June 2020, net assets of the Company were $71,355,366, or 20.2 cents per share[1].
- Since inception Ozgrowth has bought back and cancelled over 54 million shares through its buybacks.

For more detailed information on the investment performance and portfolio of the Company, I refer you to the Investment Manager's Report on page 4.

The 2020 financial year began positively with markets rallying off the back of falling interest rates and eventually, a US China trade deal. In February, the Australian share market reached an all-time high. This was short lived as the spread of Coronavirus intensified and an accompanying collapse in the oil price resulted in the market falling 36% from its February peak to its trough in March. In response to the Coronavirus shock, global central banks cut interest rates and Governments announced huge support and stimulus packages which have buoyed share markets.

The ASX All Ordinaries Accumulation Index ended FY2020 down 7.2%. Smaller capitalisation companies fared slightly better with their Index falling 5.7%.

The Ozgrowth investment portfolio outperformed the market to record a very respectable return of 7.0% over the 2020 financial year, calculated on a comparable basis to the market indices. Pleasingly, our portfolio has made a great start to the new financial year rising 15.7% at the end of August, taking its average return to 8.4% per annum since inception. Our investment strategy remains consistent as we continue to focus on identifying attractive investment opportunities from our base in Western Australia.

[1] This figure is calculated by dividing the net assets as set out in the Statement of Financial Position by the number of ordinary shares on issue as at the reporting date and is after allowance for dividends and all costs.

To date, the West Australian economy has proven relatively resilient to the negative impacts of the Coronavirus. Our mining sector is powering ahead supported by strong iron ore and gold prices. State and Federal support measures and stimulus incentives should also assist in supporting and ultimately growing the local economy.

The financial statements in this report demonstrate our Company's reserves and franking credit balance. With these in mind the Ozgrowth Directors have released a target dividend of 0.6 cents per share for the 2021 financial year.

I encourage shareholders and other interested parties to participate in our shareholder communication program. If you have not already done so, you can register for our regular email updates at our website: www.ozgrowth.com.au. We hope to provide useful information on our activities throughout the year and welcome feedback to enhance this.

I look forward to reporting on results as we move forward.

Yours sincerely

JAY HUGHES
Non-Executive Chairman

ABOUT OZGROWTH

- Ozgrowth Limited is a listed investment company (ASX code: OZG) that focuses on producing a positive return on funds invested.
- It was formed on 9 July 2007 and raised its initial capital for investment in December 2007. As at 30 June 2020, it had $71,306,706 of assets in its investment portfolio.
- Ozgrowth Limited intends on paying a consistent stream of dividends to shareholders. The level of dividend payments will be set after considering the level of realised net profits after tax, retained earnings and availability of franking credits. To date, the Company has paid cumulative fully franked dividends of $11.4 cents per share.
- The Company has appointed Westoz Funds Management Pty Ltd as manager to oversee the investment of its portfolio of assets. This manager is a wholly owned subsidiary of Euroz Limited, a listed company that also operates as a diversified financial services company based in Western Australia.
- The investment mandate is to identify undervalued companies listed on the Australian Stock Exchange and to invest to produce a positive return. Because of the geographic location of the manager, it is anticipated that the majority of situations identified will have a connection to Western Australia.
- Ozgrowth Limited will consider investments in small companies, as well as suitable unlisted opportunities.
- The manager is paid a base fee of 1% per annum of funds managed. In addition, a performance fee is payable where the increase in the portfolio value exceeds 7% over a twelve month period to the end of June and is calculated at 20% of the increase exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by $0.20.

INVESTMENT MANAGER'S REPORT

Portfolio Return

The Company invests in small to mid-sized companies, generally listed on the Australian Securities Exchange and with some connection to Western Australia. The portfolio of assets is managed to generate a positive return regardless of movements in the broader equity market.

To assist in an assessment of performance, the rate of return before fees and taxes is calculated. The figure is calculated by dividing the gain (or loss) in value of the portfolio, net of external flows, by the average portfolio value over the period of measurement. Portfolio value is determined by reference to current market value of underlying investments. Monthly periods are used and then geometrically linked to arrive at an annual return. This figure is not audited.

The last twelve months of investment activity generated an investment return of 7.0% before allowance for fees and taxes (2019: -9.3%).

It is the objective of the manager to produce positive investment returns over the medium to long term, thereby boosting the net asset backing per share (NTA) and allowing for the payment of dividends.

The figures presented for information regarding NTA are on a per share basis and after allowance for all realised and unrealised costs, dividends and deferred tax assets. These figures are included as they provide an indication of the underlying impact of the investment strategy on shareholders after all costs associated with the corporate structure.

At 30 June 2020, the net assets per share was 20.2 cents (2019: 19.9 cents).

At 30 June 2020, a provision for payment of 0.30 cents per share by way of dividend was made. This dividend was paid in August 2020. At 30 June 2019, a provision for a 0.25 cents per share dividend was made.

Asset Allocation

Cash levels increased over the 2020 financial year, closing at 12% of assets from a starting point of 5%. Resources exposure remains the largest allocation, closing the year at 45% of total assets.

At year end, investments were held in 28 separate companies. One of these holdings was unlisted at 30 June 2020.

Outlook

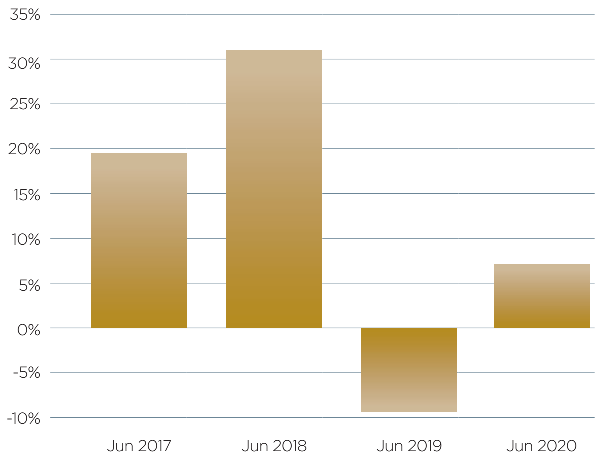
Share market returns post the initial bounce back from the nadir of March 2020 have been driven by a relatively narrow sector of the market. It seems reasonable to expect returns to be broader based going forward with the direction in a given time period likely to be dictated by events related to Coronavirus. We would expect that a shift in market drivers and the upcoming US Federal election will result in a lift in market volatility from currently benign levels.

Highly stimulatory monetary policy is likely to be increasingly accompanied by further stimulatory Government policies. Ultimately, as science prevails over disease we believe this stimulus backdrop will provide favourable conditions for many companies and associated sectors in the stock market. We would caveat this positive outlook by saying overall global stock market returns may be impacted by an increase in the cost of money.

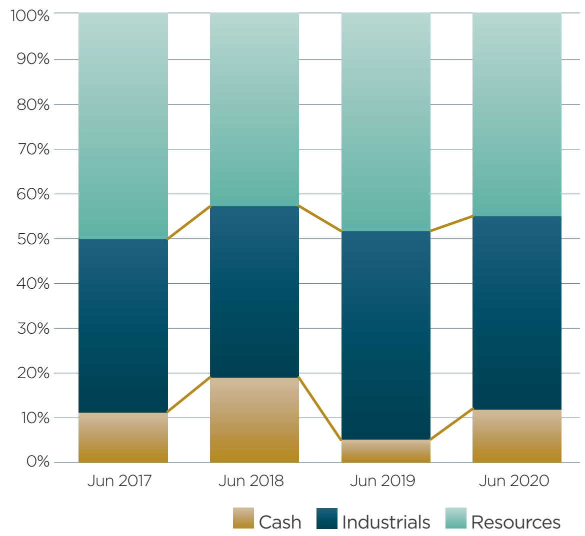
Buoyant times in several commodity markets, accompanied by effective virus prevention measures, have ensured the West Australian economy has proved relatively resilient to the economic turmoil inflicted elsewhere by the Coronavirus outbreak. Resumption to a more normal global trading environment should see WA well placed to enjoy a period of economic growth from a relatively low base.

We would encourage shareholders and prospective shareholders to utilise our shareholder communications channels, which include: weekly emails; monthly video updates; and, periodic presentations.

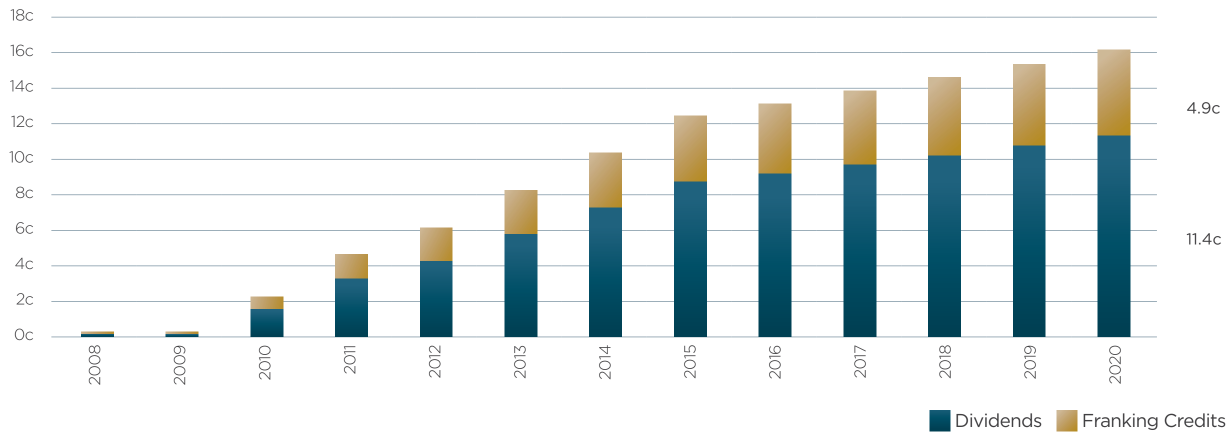
PORTFOLIO PERFORMANCE



INVESTMENT MIX



DIVIDEND AND FRANKING CREDIT RETURN



INVESTMENT PORTFOLIO

Industrials	Number of Shares	Fair Value at 30 June 2020
Zenith Energy Limited	11,000,000	10,890,000
Macmahon Holdings Ltd	15,000,000	3,825,000
Finbar Group Limited	4,500,000	3,150,000
Cedar Woods Properties Ltd	600,000	3,144,000
Autosports Group Limited	2,500,000	2,800,000
Empired Limited	8,550,000	2,778,750
Swick Mining Services Ltd	15,000,000	1,875,000
SRG Global Limited	7,730,000	1,584,650
Tempo Australia Ltd	7,750,000	356,500
Moboom Limited	1,102,916	-
		30,403,900

Resources	Number of Shares	Fair Value at 30 June 2020
Emerald Resources NL	12,750,000	6,693,750
Orecorp Limited	12,000,000	4,620,000
Kingsgate Consolidated Limited	11,000,000	4,235,000
West African Resources Limited	4,000,000	3,600,000
Equatorial Resources Limited	11,050,000	2,983,500
Carnarvon Petroleum Limited	11,500,000	2,185,000
Cooper Energy Limited	5,050,000	1,868,500
Oklo Resources Limited	4,000,000	1,180,000
Neometals Ltd	6,350,000	984,250
Karoon Energy Ltd	1,500,000	900,000
Lucapa Diamond Company Ltd	17,000,000	748,000
New Century Resources Limited	4,000,000	620,000
Berkeley Energia Limited	1,000,000	430,000
Dacian Gold Limited	800,000	352,000
Alta Zinc Limited	82,000,000	328,000
Red Hill Iron Limited	1,955,000	312,800
Legend Mining Limited	2,000,000	280,000
Comet Ridge Limited	2,322,935	204,418
		32,525,218
Cash, outstanding settlements and funds due from accrued dividends		**8,377,587**
Total		**71,306,706**


RioTinto
RSM
citibank
citibank

2020 FINANCIAL REPORT

For the year ended 30 June 2020

CONTENTS | PAGE

CONTENTS	PAGE
DIRECTORS' REPORT	8
AUDITOR'S INDEPENDENCE DECLARATION	13
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CASH FLOWS	16
STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE FINANCIAL STATEMENTS	18
DIRECTORS' DECLARATION	34
INDEPENDENT AUDITOR'S REPORT	35
ADDITIONAL INFORMATION	42

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Your Directors submit their report for the year ended 30 June 2020.

DIRECTORS

The names of the Directors of the Company in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Jay Hughes

Michael Jefferies

Simon Joyner

Mr Jay Hughes, Non-Executive Chairman

Mr Hughes is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He is an Executive Director of Euroz Limited, Euroz Securities Limited, Westoz Funds Management Pty Ltd, Prodigy Investment Partners Limited and Non-Executive Chairman of Westoz Investment Company Limited. Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from FINSIA. He was recognised as an affiliate of ASX in December 2000 and is a Master Member (MSAFAA) of the Stockbrokers and Financial Advisors Association of Australia (SAFAA).

Mr Michael Jefferies, Independent Non-Executive Director

Mr Jefferies is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He was formerly a Non-Executive Director of Afterpay Touch Group Limited (resigned 16 January 2018) having been Chairman of Touchcorp Holdings Limited (appointed 28 June 2004) prior to its merger with Afterpay Holdings Limited. He was also formerly Non-Executive Chairman of Pantoro Limited (appointed 5 October 2016, resigned 4 August 2020) and a Non-Executive Director of Resimac Group Limited (appointed November 2016, resigned 26 November 2019), and Afterpay Holdings Limited (appointed 26 August 2015, resigned 6 April 2017). Mr Jefferies is a Chartered Accountant and holds a Bachelor of Commerce Degree.

Mr Simon Joyner, Independent Non-Executive Director

Mr Joyner was appointed as an Independent Non-Executive Director of the Company on 5 July 2016 and serves on the Company's Audit Committee. He is also a Non-Executive Director of Ozgrowth Limited. Mr Joyner has a Bachelor of Commerce Degree, a Graduate Diploma in Applied Finance and Investment and a Diploma of Financial Planning. He is also a Fellow of FINSIA, the Financial Services Institute of Australia. Mr Joyner has been involved in the Financial Services Industry since 1985. He established Keysbrook Financial Services which was a founding firm of Shadforth Financial Group that was subsequently purchased by IOOF in 2014. Mr Joyner is now Managing Director of management consulting firm Aberfoyle Partners, assisting businesses across the financial services industry.

Mr Anthony Hewett, Company Secretary

Mr Hewett was appointed as Company Secretary on 20 June 2017. Mr Hewett is a Chartered Secretary and holds a Master of Business Law (MBusLaw) from Curtin University and a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia. Mr Hewett is a Fellow of the Institute of Chartered Secretaries and Administrators (FCSA), a Fellow of the Governance Institute of Australia (FGIA), a Master Member (MSAFAA) of SAFAA and a member of the Australian Institute of Company Directors (AICD).

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2020 and the numbers of meetings attended by each Director were as follows:

	Directors' Meeting		Audit Committee Meetings	
Director	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Jay Hughes	14	14	2	2
Simon Joyner	14	14	2	2
Michael Jefferies	14	14	2	2

Due to the size of the Board and the nature of the Company's operations, it does not have a separate Remuneration Committee or Nomination Committee. Matters normally considered by these committees are addressed by the full board.

Board of Directors' and Audit Committee meetings require that any two Directors or members be present to form a quorum.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the year, the principal activity of the economic entity was as an investment company.

OPERATING RESULTS

For the year ended 30 June 2020, the Company made an operating profit after tax of $3,095,216 (2019: loss of $5,342,998).

DIVIDENDS

An interim dividend of $1,061,982 (0.30 cents per share) was paid on 21 February 2020 (2019: $890,031).

The Board of Directors has provided for the payment of a final dividend of $1,057,646 (0.30 cents per share) be paid in respect of the 2020 financial year. This amount is provided in the 30 June 2020 financial statements (2019: $889,826).

REVIEW OF OPERATIONS

The financial results of the Company are driven by the gain or loss on its investment portfolio, which consists primarily of securities listed on the Australian Securities Exchange and short term cash deposits. Whilst the investment objective for the portfolio is to generate positive returns over the medium to long term, short term fluctuations in the broader equity market will influence results.

Apart from movements in the broader equity market, the key driver of income for the Company is the manager's ability to select appropriate investments. The majority of expenses are directly linked to the value of the portfolio managed and the level of return achieved.

There has been negligible impact on the working operations of the Company from the Coronavirus (COVID-19) pandemic.

STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Future results will be driven by the outcome of the Company's investment strategy, which will in turn be influenced by the overall direction of equity markets. These returns are uncertain and are expected to vary significantly from year to year. The key risk to market returns will be influenced by a range of factors that cannot be predicted with any certainty and include the outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters and government regulation. Market risk is managed by periodically moving into and out of equity positions.

Our investment strategy remains consistent and is to identify investment opportunities from our base in Western Australia. We believe this focus will continue to deliver attractive returns.

The West Australian economy, as per the GFC, has proven relatively resilient to the current challenging economic circumstances. This resilience, and economic stimulus initiatives by Governments, leaves the local economy well positioned to grow once the global economic environment normalises. Ozgrowth Limited Directors have determined to target a dividend payment of 0.6 cents per share in respect of the 2021 financial year. It is anticipated that the payment of this dividend would occur in February (0.30 cents) and August (0.30 cents) of the 2021 calendar year.

DIRECTORS' INTERESTS

At the date of this report the interests of the Directors in the shares and options of the Company and related bodies corporate are:

Director	Ordinary Shares
Jay Hughes	
Held directly or indirectly	3,750,000
Simon Joyner	
Held directly or indirectly	1,345,353
Michael Jefferies	
Held directly or indirectly	500,000

SHARE OPTIONS

At the beginning of the period, the Company had 35,466,231 options on issue with a strike price of 19.0 cents and an expiry date of 31 August 2019. The 2019 19.0 cent options were granted pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options were exercisable into new ordinary shares in the Company that rank equally with other ordinary shares by the payment of 19.0 cents per option at any time up until expiry date of 31 August 2019. Of these options, 3,325 were exercised during the period resulting in 3,325 new ordinary shares and the remaining options expired. As at 30 June 2020, the Company had no options on issue.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Ozgrowth Limited has a deed of indemnity for all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. The Company agreed to indemnify and keep indemnified the Directors and Officers against all liabilities by the Directors and Officers as a Director and Officer of the Company to the extent permitted under the *Corporations Act 2001*.

During the financial year, the Company paid an insurance premium in respect of a contract insuring each of the Directors and Officers of the Company. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as Directors and Officers of the Company.

REMUNERATION REPORT (AUDITED)

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Company had no employees during the year ended 30 June 2020 or 30 June 2019. Details of Key Management Personnel (KMP) are as follows:

Jay Hughes	Chairman (Non-Executive)	Appointed 9 July 2007
Simon Joyner	Director (Non-Executive)	Appointed 5 July 2016
Michael Jefferies	Director (Non-Executive)	Appointed 31 October 2007

Westoz Funds Management Pty Ltd provides services in the nature of the role of Key Management Personnel to Ozgrowth Limited as it has the authority for the management of the investment portfolio of Ozgrowth Limited.

The share and option holdings of KMP as at 30 June 2020 are as follows:

	Balance 1 July 2019		Net Change		Balance 30 June 2020	
Director	**Shares**	**Aug 2019 $0.19 Options[1]**	**Shares**	**Aug 2019 $0.19 Options[1]**	**Shares**	**Aug 2019 $0.19 Options[1]**
Jay Hughes						
Held directly or indirectly	3,550,000	355,000	200,000	-355,000	3,750,000	-
Simon Joyner						
Held directly or indirectly	1,345,353	134,535	-	-134,535	1,345,353	-
Michael Jefferies						
Held directly or indirectly	500,000	50,000	-	-50,000	500,000	-

[1] The Aug 2019 $0.19 options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and are exercisable up until 31 August 2019. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.

The share and option holdings of KMP as at 30 June 2019 are as follows:

	Balance 1 July 2018		Net Change		Balance 30 June 2019	
Director	**Shares**	**Aug 2019 $0.19 Options[1]**	**Shares**	**Aug 2019 $0.19 Options[1]**	**Shares**	**Aug 2019 $0.19 Options[1]**
Jay Hughes						
Held directly or indirectly	3,550,000	355,000	-	-	3,550,000	355,000
Simon Joyner						
Held directly or indirectly	1,345,353	134,535	-	-	1,345,353	134,535
Michael Jefferies						
Held directly or indirectly	500,000	50,000	-	-	500,000	50,000

[1] The Aug 2019 $0.19 options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and are exercisable up until 31 August 2019. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.

REMUNERATION REPORT (AUDITED) (CONT'D)

A Director's services may be terminated by them at any time and otherwise by shareholder vote. Details of remuneration for the years ended 30 June 2020 and 30 June 2019 is as follows:

		Short-term	Post-employment	
		Fee ($)	Superannuation ($)	Total ($)
S Joyner	2020	50,228	4,772	55,000
	2019	50,228	4,772	55,000
M Jefferies	2020	50,228	4,772	55,000
	2019	50,228	4,772	55,000

The elements of emoluments have been determined on the basis of the cost to the Company. Emoluments of Directors are not directly related to the performance of the Company. The maximum remuneration paid to Directors' is currently set to not exceed $250,000 per annum.

The Directors of Ozgrowth Limited during the year were Mr Jay Hughes, Mr Simon Joyner and Mr Michael Jefferies.

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, provides Key Management Personnel services to Ozgrowth Limited as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. Total management fees (inclusive of performance fees where applicable) of $753,017 (2019: $777,004) were charged in the period for these services. A $15,375 performance fee was paid in respect of the 2020 financial year (2019: $nil). There is $65,349 (2019: $65,097) accrued for management fees payable as at 30 June 2020.

These fees were charged in accordance with a management agreement. The management fee is calculated at 1% per annum of funds managed. The performance fee as specified in the management agreement is payable where performance exceeds 7% over a twelve month period to end of June and is calculated at 20% of the performance exceeding the threshold. The manager is required to give three months written notice to terminate the agreement. The performance fee is based on the above performance condition to be able to link the performance of the Company to the services provided by the fund manager.

No amount is paid by Ozgrowth Limited directly to the Directors of Westoz Funds Management Pty Ltd.

Euroz Securities Limited, a company of which Mr Hughes is a Director, received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of $243,423 (2019: $251,608) was paid in the year as brokerage to Euroz Securities Limited. Of this brokerage, $468 was outstanding as at 30 June 2020 (2019: $721). The above transactions were entered into on normal commercial terms.

The short term incentive provided by the performance fee is payable once a nominated level of profitability is achieved in a financial year. The level of profitability is ultimately determined by the investment return on funds invested and is reflected in the earnings per share figure. The following table shows the link between company performance and shareholder wealth over the last 5 years:

Financial Year	EPS (cents)	Dividend per Share (cents)	Share price at balance date (cents)
2016	0.2	0.5	13.5
2017	2.1	0.5	16.0
2018	3.4	0.5	18.0
2019	(1.5)	0.5	15.0
2020	0.9	0.6	17.0

There are no long term incentives payable.

(End of remuneration report)

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Ozgrowth Limited support and have adopted a corporate governance plan. Details of the Corporate Governance Practices can be found at www.ozgrowth.com.au.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

AUDITOR INDEPENDENCE

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is included on page 13 and forms part of the Ozgrowth Limited's Directors' report for the year ended 30 June 2020.

NON- AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Tax compliance services	12,000

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

JAY HUGHES
Non-Executive Chairman

Dated: 19 August 2020
Perth, Western Australia

Building a better working world

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Perth WA 6000 Australia
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Auditor's independence declaration to the directors of Ozgrowth Limited

As lead auditor for the audit of the financial report of Ozgrowth Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Robert A Kirkby
Partner
19 August 2020

RK:DA:OZG:008

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue			
Interest revenue		38,004	121,405
Dividend revenue		945,110	1,578,100
Other		10,600	31,544
Total revenue		**993,714**	**1,731,049**
Changes in the fair value of investments at fair value through profit or loss	4	4,157,292	(8,961,206)
Total income		**5,151,006**	**(7,230,157)**
Expenses			
Management and performance fees	15(b)	(753,017)	(777,004)
Director fees	15(a)	(110,000)	(110,000)
Professional fees		(78,587)	(77,549)
ASX fees		(49,285)	(51,084)
Other expenses	6	(84,948)	(97,707)
Total expenses		**(1,075,837)**	**(1,113,344)**
Profit / (loss) before income tax expense		4,075,169	(8,343,501)
Income tax (expense) / benefit	7	(979,953)	3,000,503
Net profit / (loss) attributable to members of the company		**3,095,216**	**(5,342,998)**
Other comprehensive income		-	-
Total comprehensive income for the period		**3,095,216**	**(5,342,998)**
Earnings / (loss) per share (cents)			
Basic and diluted	16	0.9	(1.5)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
Cash and cash equivalents	19(a)	8,362,936	5,577,731
Other assets	9	157,038	180,755
Financial assets at fair value through profit or loss:			
• Listed Equities	5	62,929,118	67,153,499
• Unlisted Equities	5	-	110,291
Deferred tax assets	7	1,130,376	2,112,327
TOTAL ASSETS		**72,579,468**	**75,134,603**
LIABILITIES			
Trade and other payables	10	166,456	2,120,267
Income tax payable		-	1,212,510
Dividend payable	8	1,057,646	889,826
TOTAL LIABILITIES		**1,224,102**	**4,222,603**
NET ASSETS		**71,355,366**	**70,912,000**
EQUITY			
Contributed equity	11	72,198,956	72,731,178
Profit reserve	12	24,846,450	21,290,340
Accumulated loss	13	(25,690,040)	(23,109,518)
TOTAL EQUITY		**71,355,366**	**70,912,000**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		38,004	121,405
Dividends received		891,360	1,578,100
Payments to suppliers (inclusive of GST)		(1,340,068)	(936,595)
Income tax paid		(884,896)	(486,864)
Net cash flows (used in) / from operating activities	19(b)	**(1,295,600)**	**276,046**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments at fair value through profit or loss		38,587,891	35,559,123
Payments for purchases of investments at fair value through profit or loss		(32,023,056)	(41,678,008)
Net cash flows from / (used in) investing activities		**6,564,835**	**(6,118,885)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares, net of issue costs		633	2,191
Share buyback		(532,855)	(99,500)
Dividends paid		(1,951,808)	(1,781,329)
Net cash flows used in financing activities		**(2,484,030)**	**(1,878,638)**
Net increase / (decrease) increase in cash held		2,785,205	(7,721,477)
Cash and cash equivalents at the beginning of the period		5,577,731	13,299,208
Cash and cash equivalents at the end of the period	19(a)	**8,362,936**	**5,577,731**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Contributed Equity $	Profit Reserve $	Accumulated Loss $	Total Equity $
At 1 July 2019	72,731,178	21,290,340	(23,109,518)	70,912,000
Profit for the period	-	-	3,095,216	3,095,216
Total comprehensive income for the period	-	-	3,095,216	3,095,216
Transfer from retained earnings to profit reserve	-	5,675,738	(5,675,738)	-
Transactions with owners in their capacity as owners:				
Issued capital	633	-	-	633
Share buyback	(532,855)	-	-	(532,855)
Dividends for the year	-	(2,119,628)	-	(2,119,628)
At 30 June 2020	**72,198,956**	**24,846,450**	**(25,690,040)**	**71,355,366**

	Contributed Equity $	Profit Reserve $	Accumulated Loss $	Total Equity $
At 1 July 2018	72,828,487	23,070,197	(17,766,520)	78,132,164
Loss for the period	-	-	(5,342,998)	(5,342,998)
Total comprehensive income for the period	-	-	(5,342,998)	(5,342,998)
Transactions with owners in their capacity as owners:				
Issued capital	2,191	-	-	2,191
Share buyback	(99,500)	-	-	(99,500)
Dividends for the year	-	(1,779,857)	-	(1,779,857)
At 30 June 2019	**72,731,178**	**21,290,340**	**(23,109,518)**	**70,912,000**

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

1. CORPORATE INFORMATION

The financial report of Ozgrowth Limited (the 'Company') for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 19 August 2020.

Ozgrowth Limited is a company limited by shares that is incorporated and domiciled in Australia whose shares are listed on the Australian Securities Exchange. The registered office is located at Level 18, 58 Mounts Bay Road Perth, Western Australia 6000.

Ozgrowth Limited does not control any entities at 30 June 2020 (2019: None).

The Company had no employees as at 30 June 2020 (2019: None).

The nature of the operations and principal activities of the Company are as an investment company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

For the purposes of preparing the financial statements the Company is a for-profit entity.

The financial report for the year ended 30 June 2020 has been prepared on a historical cost basis, except for certain investments, which have been measured at fair value.

The Company's functional and presentation currency is the Australian dollar ($).

(b) Statement of Compliance

The accounting policies adopted are consistent with those of the prior years except as follows:

The Company has adopted new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

- AASB 2017-4 *Uncertainty over Income Tax Treatments:* The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances.

The adoption of these new and amended standards has not had any financial impact on the financial position or results of the Company.

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with IFRS as issued by the International Accounting Standards Board.

(c) New standards issued or amended but not yet effective

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2020. These are included in the following table:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reference	Title	Summary of the accounting standard or amendment	Impact on Company	Application date of standard	Application date for the Company
Conceptual Framework AASB 2019-1	Conceptual framework for financial reporting Amendments to Australian Accounting standards - Reference to the Conceptual Framework	The revised conceptual framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: • Chapter 1 - The objective of financial reporting • Chapter 2 - Qualitative characteristics of useful financial information • Chapter 3 - Financial statements and the reporting entity • Chapter 4- The elements of financial statements • Chapter 5 – Recognition and derecognition • Chapter 6 – Measurement • Chapter 7 - Presentation and disclosure • Chapter 8 - Concepts of capital and capital maintenance AASB 2019 – 1 has also been issued, which sets out the amendments to Australian Accounting standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.	The Company does not expect a material impact from the adoption of this amendment.	1 January 2020	1 July 2020
AASB 2018-7	Amendments to Australian Accounting Standards - Definition of Material	This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and the clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	The Company does not expect a material impact from the adoption of this amendment.	1 January 2020	1 July 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reference	Title	Summary of the accounting standard or amendment	Impact on Company	Application date of standard	Application date for the Company
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically: • The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. • Management intention or expectation does not affect classification of liabilities. • In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.	The Company is in the process of assessing the impact of the amendments.	1 January 2023	1 July 2023

(d) Financial assets and liabilities

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of a financial assets not at fair value through profit or loss, transaction costs. Financial assets within the scope of AASB 9 are classified as debt instruments at amortised cost or financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss as appropriate. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment if the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Company may make short sales in which borrowed security is sold in anticipation of a decline in the market value of the security. Short sales are classified as current financial liabilities at fair value through profit and loss.

(ii) Subsequent measurement

The subsequent measurement of financial assets and financial liabilities depends on their classification as described below:

Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. These are listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date only if the criteria under AASB 9 are satisfied.

All financial assets and liabilities at fair value through profit or loss are equity instruments that are managed through making purchase and sales decisions based on their fair value in accordance with the Company's investment strategies. The financial information about these financial assets and liabilities is provided internally on that basis to the Investment Manager, Westoz Funds Management Pty Ltd and to the Board of Directors.

For investments that are actively traded in organised financial markets, fair value is determined by reference to the Securities Exchange quoted market bid prices (offer prices for liabilities) at the close of business on the Statement of Financial Position date, without any deduction for transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets and liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are 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, a degree of judgment is required in establishing fair values.

The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

Gains and losses on investments at fair value through profit and loss are recognised in the Statement of Comprehensive Income.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase/sell the asset.

Changes in the fair value of investments – net gains or losses on investments at fair value through profit or loss are calculated as the difference between the fair value at sale (or purchase in the case of liabilities) or fair value at reporting date and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses but does not include dividend.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cashflows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Expected credit losses (ECL's) on financial assets at amortised costs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). This is further discussed in note 20.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Gains and losses are recognised in the Statement of Comprehensive Income when the asset is derecognised, modified or impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets and liabilities (cont'd)

(iii) De-recognition of financial assets and liabilities

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

- The rights to receive/contribute cash flows from the asset/liability have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and short term deposits, including bank bills with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as defined above.

(f) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is recognised on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance 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 tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow all or part of the deferred income tax to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Other taxes (cont'd)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(h) Revenue recognition

Interest revenue

Interest is recognised as interest accrues using the effective interest rate method which is the rate that exactly discounts estimated future cash flows through the expected life of the financial investment to the gross carrying amount of the financial asset.

Dividend revenue

Dividend is recognised when the Company's right to receive the payment is established. This is taken to be the date the share is quoted ex-dividend.

Other

The Company recognises revenue from sub-underwriting services on completion of the service.

This revenue from contract with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. These fees are recognised as the related services are performed.

(i) Trade and other payables

Liabilities for trade creditors and other amounts are initially measured at fair value of the consideration to be paid on goods and services received and then subsequently carried at amortised cost, whether or not billed to the entity. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company is obliged to make future payments in respect of the purchase of these goods and services.

Payables include outstanding settlements on the purchase of investments and dividends payable. The carrying period is dictated by market conditions and generally less than 30 days.

Payables to related parties are carried initially measured at fair value of the consideration to be paid on goods and services received and then subsequently carried at amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(j) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company and is classified as equity.

Any incremental costs that are directly attributable to the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Earnings Per Share

Basic earnings per share (EPS) is calculated as net profit attributed to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to ordinary equity holders, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Receivables

Receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible debts. Bad debts are written off when identified. Amounts are normally received within 30 days of being recorded as receivable. An estimate of expected credit loss is made when there is objective evidence that the Company will not be able to collect the debt.

Under AASB 9, the Company recognises an allowance for ECL for receivables using a general approach. Refer to note 2(d) for the accounting policy on measurement of ECL.

(m) Dividends

Provision is made for the amount of any dividend declared by the Directors on or before the end of the financial year, but not distributed at balance date.

(n) Management fees

Management fees, including performance fees, are calculated in accordance with contractual arrangements and are payable in the year in which the returns are generated.

(o) Due to and from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'trade and other payables' for recognition and measurement of these amounts.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for 'Receivables' for recognition and measurement of these amounts.

(p) Presentation of comparative information

Prior year amounts in the financial report have been reclassified to ensure consistency with presentation of current year amounts.

(q) Significant Accounting Judgements, Estimates and Assumptions

(i) Taxes

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax assets relate to unrealised losses on investments in financial assets and recognised tax losses.

Future taxable profits depend on the success of the Company's investment strategy which in turn will be influenced by the overall direction of equity markets. The markets are influenced by a number of factors such as outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters & government regulation. Management has estimated future taxable profits based on an analysis that historic returns (per annum, since inception) on the investment portfolio of Ozgrowth Limited. Market estimates of long term Australian equity market returns are anticipated to be higher than the return that will be required to be generated by Ozgrowth Limited in order to utilise the deferred tax asset. Changes in assumptions & estimates may affect the ability to recognise deferred tax assets.

There are no other significant accounting judgments, estimates and assumptions during the financial year.

3. SEGMENT INFORMATION

For management purposes, the Company is organised into one operating segment, which invests in equity securities on the Australian Securities Exchange. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The Company operated in one geographical area being Australia.

4. CHANGES IN FAIR VALUE OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 $	2019 $
Net realised (loss) / gain on disposal of investments	(2,019,534)	6,647,640
Net unrealised gain / (loss) on investments	6,176,826	(15,608,846)
	4,157,292	(8,961,206)

The total number of contract notes that were issued for transactions during the financial year was 635 (2019: 614). The total brokerage paid on these contract notes was $246,137 (2019: $263,341).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

30 June 2020	Valued at Quoted market price (Level 1) $	Valuation Technique market observable inputs (Level 2) $	Valuation technique non – market observable inputs (Level 3) $	Total $
Financial assets at fair value through profit or loss				
(i) Listed equities	62,929,118	-	-	62,929,118
(ii) Unlisted Equities – Moboom Limited[1]	-	-	-	-
	62,929,118	**-**	**-**	**62,929,118**

[1] The Moboom Limited shareholding was revalued from $110,291 to zero in accordance with resolutions of the Board of Directors dated 24 June 2020.

30 June 2019	Valued at Quoted market price (Level 1) $	Valuation Technique market observable inputs (Level 2) $	Valuation technique non – market observable inputs (Level 3) $	Total $
Financial assets at fair value through profit or loss				
(i) Listed equities	67,153,499	-	-	67,153,499
(ii) Unlisted Equities	-	-	110,291	110,291
	67,153,499	**-**	**110,291**	**67,263,790**

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of listed equity is based on quoted market prices at the reporting date (bid price for long positions), without any deduction for transaction costs.

For instruments for which there is currently no active market, the Company uses valuation methods generally accepted in the industry. Some of the inputs to those method may not be market observable and are therefore estimated based on assumptions. In the case of unlisted equities, recent transactional evidence has been obtained that supported the current valuation. If, in the future, similar transactions occur at significantly different values, the fair value of unlisted equities will be revised appropriately.

6. OTHER EXPENSES

	2020 $	2019 $
Marketing	9,433	2,600
Share registry costs	25,172	30,968
Other	50,343	64,139
	84,948	**97,707**

7. INCOME TAX

The major components of income tax expense are:

	2020	2019
Statement of comprehensive income		
Current Income Tax		
Current income tax charge	-	1,745,148
Prior year under / (over accrual)	(1,998)	-
Deferred income tax		
Recognition of prior year deferred tax asset	-	(45,773)
Relating to origination and reversal of temporary differences	981,951	(4,699,878)
Income tax expense / (benefit) reported in statement of comprehensive income	**979,953**	**(3,000,503)**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable tax rate is as follows:

	2020	2019
Accounting profit / (loss) profit before tax	4,075,169	(8,343,501)
Tax at the statutory income tax rate of 30% (2019: 30%)	1,222,551	(2,503,050)
Tax effect of franking credits	(237,600)	(451,680)
Prior year under / (over accrual)	(1,998)	-
Non-taxable income	(3,000)	-
Utilisation of prior year unrecognised deferred tax asset	-	(45,773)
Income tax expense / (benefit)	**979,953**	**(3,000,503)**

Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of comprehensive income	
	2020 $	2019 $	2020 $	2019 $
Deferred Tax Assets				
Tax loss (recognised) / utilised	871,097	-	(871,097)	6,118
Unrealised loss on investments in financial assets	259,279	2,112,327	1,853,048	(2,112,327)
Total DTA	1,130,376	2,112,327	981,951	(2,106,209)
Deferred Tax Liabilities				
Unrealised gain on investments in financial assets	-	-	-	(2,593,669)
Total DTL	-	-	-	(2,593,669)
Net (DTL)/DTA	1,130,376	2,112,327	981,951	(4,699,878)

Deferred tax assets relate to unrealised losses on investments in financial assets and current year tax losses. Based on long term movements in the Australian market equity returns, it is probable that the Company will make future taxable profits and such losses will be utilised.

8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2020 $	2019 $
Ordinary Shares		
Interim dividend of 0.30 cents per share paid on 21 February 2020 (2019: 0.25 cents per share)	1,061,982	890,031
Final dividend of 0.30 cents per share declared and provided for at 30 June 2020 (2019: 0.25 cents per share per fully paid ordinary share). Fully franked based on tax paid or payable at 30%	1,057,646	889,826
	2,119,628	1,779,857
Franking Credit Balance		
Franking credits available at the end of the financial year at 30% (2019: 30%)	1,472,897	759,493
Franking debits that will arise by the payment of dividends as at the end of the financial year	(453,277)	(381,354)
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	325,617
	1,019,620	703,756

9. OTHER ASSETS

	2020 $	2019 $
Outstanding sale settlement	68,689	156,228
Accrued dividends	53,750	-
Bank refund	7,920	-
GST receivable	26,679	24,527
	157,038	180,755

Note: GST receivable is non-interest bearing and is generally claimed from the Australian Tax Office on a quarterly basis. The bank refund was paid in July 2020. Dividends are generally received within 60 days of their ex date, however due to COVID-19 one portfolio company deferred payment of its interim dividend beyond 30 June 2020. Sale settlements are normally settled on 2 day terms.

The carrying value of other assets is approximately equal to its fair value.

10. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	118,119	118,933
Outstanding purchase settlements	48,337	2,001,334
	166,456	2,120,267

Total trade payables are non-interest bearing and normally settled on 30 day terms. Purchase settlements are normally settled on 2 day terms.

The carrying value of trade and other payables is approximately equal to its fair value.

11. CONTRIBUTED EQUITY

		2020 $	2019 $
(a)	*Contributed Equity*		
	352,548,713 fully paid ordinary shares (2019: 355,930,586)	72,198,956	72,731,178

		Number of Shares	$	Number of Shares	$
(b)	*Movements in ordinary shares on issue*				
	Beginning of the financial period	355,930,586	72,731,178	356,519,055	72,828,487
	• Option exercise	3,325	633	11,531	2,191
	• Share buyback	(3,385,198)	(532,855)	(600,000)	(99,500)
		352,548,713	**72,198,956**	**355,930,586**	**72,731,178**

(c) *Terms and conditions of contributed equity*

The Company does not have an authorised capital nor par value in respect of its issued capital.

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) *Options*

At the beginning of the period, the Company had 35,466,231 options on issue with a strike price of 19.0 cents and an expiry date of 31 August 2019. The 2019 19.0 cent options were granted pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options were exercisable into new ordinary shares in the Company that rank equally with other ordinary shares by the payment of 19.0 cents per option at any time up until expiry date of 31 August 2019. Of these options, 3,325 were exercised during the period resulting in 3,325 new ordinary shares and the remaining options expired. As at 30 June 2020, the Company had no options on issue.

(e) *Capital Management*

For the purpose of the Company's capital management, capital includes issued equity share capital, accumulated losses and profit reserve.

The primary objective of the Company's capital management is to produce positive return on funds, regardless of the general direction of the listed share market and that is consistent with acceptable risk parameters in order to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As far as possible, the Company intends to pay out a consistent stream of dividends to investors, having regard to availability of franking credits and the balance in the profit reserve.

The Company was ungeared at year end and not subject to any externally imposed capital requirement.

12. RESERVES

	2020 $	2019 $
Profit reserve	24,846,450	21,290,340
	24,846,450	**21,290,340**

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

Movement in profit reserve		
Balance at beginning of the year	21,290,340	23,070,197
Transferred from retained earnings (a)	5,675,738	-
Dividend paid	(2,119,628)	(1,779,857)
	24,846,450	**21,290,340**

(a) The amount transferred to profit reserve in the 2020 financial year is the profit for the period 1 July 2019 to 30 September 2019 in accordance with resolutions of the Board of Directors dated 30 October 2019.

13. ACCUMULATED LOSS

Balance at beginning of the year	(23,109,518)	(17,766,520)
Transferred to profit reserve	(5,675,738)	-
Profit / (loss) for the year attributable to members	3,095,216	(5,342,998)
	(25,690,040)	**(23,109,518)**

14. AUDITOR'S REMUNERATION

Total of all remuneration received or due and receivable by Ernst & Young in connection with:		
• an audit or review of a financial report of the Company	57,900	57,500
• services in relation to tax compliance for the Company	12,000	11,000
	69,900	**68,500**

15. RELATED PARTY DISCLOSURES

(a) Remuneration of Directors and Executives

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Mr Jefferies and Mr Joyner were the only paid Directors of the Company. The total remuneration payable for the financial year is $110,000 (2019: $110,000) of which $100,456 was a short term benefit (2019: $100,456) and $9,544 was post-employment benefit (2019: $9,544).

(b) Transactions with Directors or Director Related Entities

The Directors of Ozgrowth Limited during the year or part thereof were Mr Simon Joyner, Mr Jay Hughes and Mr Michael Jefferies.

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, is considered to be providing Key Management Personnel ("KMP") services as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. Total management fees (inclusive of performance fees where applicable) of $753,017 (2019: $777,004) were charged in the period for these services. A $15,375 performance fee was paid in respect of the 2020 financial year (2019: $nil). There was $65,349 (2019: $65,097) accrued for management fees payable as at 30 June 2020.

15. RELATED PARTY DISCLOSURES (CONT'D)

(b) Transactions with Directors or Director Related Entities (cont'd)

These fees were charged in accordance with a management agreement. The Management fee is calculated at 1% per annum of funds managed. A Performance fee is payable where performance exceeds 7% over a twelve month period to end of June and is calculated at 20% of the performance exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by $0.20.

No amount is paid by Ozgrowth Limited directly to the Directors of Westoz Funds Management Pty Ltd.

Euroz Securities Limited, a company of which Mr Hughes is a Director received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of $243,423 (2019: $251,608) was paid in the year as brokerage to Euroz Securities Limited. Of this amount, $468 of this brokerage was outstanding as at 30 June 2020 (2019: $721). Euroz Securities also provides nominee and custodial services for the Company. No fees were paid in relation to these services in the period (2019: nil).

The above transactions were entered into on normal commercial terms.

(c) Ultimate Parent

Ozgrowth Limited is the ultimate Australian parent company.

(d) Other Related Party Transactions

There are no other related party transactions other than those discussed above.

16. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The Company has no dilutive securities on issue.

	2020 $	2019 $
Net profit / (loss) attributable to ordinary equity holders of the Company used in calculating basic earnings per share	3,095,216	(5,342,998)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	354,536,680	356,247,258
Basic and diluted earnings per share (cents)	0.9	(1.5)

At the date of this report, the Company has no options on issue.

17. SUBSEQUENT EVENTS

No matters or events have occurred subsequent to 30 June 2020 which have significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent financial periods.

18. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 June 2020 (2019: $nil).

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the financial report, cash and cash equivalents are expressed as follows:

	2020 $	2019 $
Cash at bank and in hand	8,362,936	5,577,731
	8,362,936	**5,577,731**

Cash at bank and in hand earns interest at floating rates based on daily deposit rates.

The fair value of cash and cash equivalents is $8,362,936 (2019: $5,577,731). Of the total cash and cash equivalents held at 30 June 2020, $8,303,484 (2019: $5,512,809) was held in the investment portfolio.

(b) Reconciliation from the Net Profit after Income Tax to Net Cash flows (Used In)/Generated from Operating Activities

	2020	2019
Net profit / (loss) after tax	3,095,216	(5,342,998)
Adjustment for Non-Cash Items:		
Items classified as Investing		
Unrealised (gain) / loss on shares	(6,176,826)	15,608,845
Realised loss / (gain) on shares	2,019,534	(6,647,640)
Changes in Assets and Liabilities:		
(Decrease)/Increase in trade and other payables	(815)	1,194,337
(Increase)/Decrease in GST receivable	(2,150)	163,380
Increase/(Decrease) in tax payable	(1,212,510)	-
(Increase)/Decrease in deferred tax assets	981,951	(4,699,878)
Net Cash Flows (used in) / from Operating Activities	**(1,295,600)**	**276,046**

c) Financing Facilities Available

At balance date, no financing facilities had been negotiated and none were available.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk.

The Company's principal financial instruments comprise listed equities, cash, short term deposits and outstanding sale and purchase settlements. All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited. The Company has other financial instruments such as trade creditors and distributions payable which arise directly from its operations. The Company may also transact in other financial instruments, including derivatives, to achieve its target rate of return on assets. No derivatives are held at 30 June 2020 (2019: $nil).

The Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Company has an established investment policy in place. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment policy, is monitored by the Investment Manager.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled by the Company investing in financial instruments, which in normal market conditions can be easily liquidated. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturity Analysis for Financial Liabilities

Financial liabilities of the Company comprise trade, other payables, amounts due to brokers and distribution payable, which contractually mature within 30 days.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts in the statement of financial position.

The Company applies a general approach to calculating ECLs, except for those financial assets that apply the low credit risk exemption. Following the adoption of AASB 9, the Company considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. The general approach is described in the accounting policy section 2(d). To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Company considers information that is reasonable and supportable, including historical experience and forward-looking information. Forward-looking information considered includes consideration of external sources of economic information. In particular, the Company takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic when assessing significant movements in credit risk.

The Company holds financial instruments with credit worthy third parties and as such applies the low credit risk simplification. At each reporting period the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making this evaluation, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At 30 June 2020, the Company held significant equities, cash balances and other current receivables in relation to outstanding sale settlements. Cash deposits were held on an at call basis and term deposits have nominated maturity dates not greater than three months forward with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA- (long term) and A-1+ (short term). Listed equities were held under a nominee arrangement with Euroz Securities Limited which operates and maintains required prudential matters under an Australian Financial Services Licence. As at 30 June 2020, all receivables are current with no balances that are past due nor credit-impaired.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Company has delegated the management of these risks to Westoz Funds Management Pty Ltd (AFSL No 285607) who has expertise in the management of such risk.

The following risk control features are in place:

- No one stock will represent more than 20% of the total portfolio value at the time of acquisition;
- The portfolio usually consists of between 10 and 25 securities, although more or less may be held depending on the number of securities identified that are expected to meet the performance expectations;
- Where suitable stocks cannot be identified, the portfolio may invest in cash. Whilst unlikely over the medium term, the portfolio may consist from time to time of significant cash deposits;
- Any short positions will not represent more than 20% of the total portfolio value; and
- Leverage may be employed in the Portfolio, but total exposure will not exceed 120% of the portfolio value;
- Any breach of these risk control measures will be reported to the Company by the Investment Manager and the Company will determine the appropriate action to remedy the breach.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and short term deposits, which have variable interest rates. The total cash balance at 30 June 2020 was $8,362,936 (2019: $5,577,731). The Company manages interest rate risk by ensuring that cash balances are always deposited in interest-bearing accounts that provide competitive interest rates.

As at 30 June 2020, cash deposits of $8,362,936 (2019: $5,577,731) were held at call. No term deposits with maturities of more than three months (2019: $nil) were held. No interest was recorded as receivable (2019: $nil).

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The following table demonstrates the sensitivity of the Company's Statement of Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis is performed on the same basis for 2019.

		2020		2020	
Change in Basis Points		Effect on Pre Tax Profit ($)		Effect on Equity including retained earnings ($)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	42,000	(42,000)	29,400	(29,400)

		2019		2019	
Change in Basis Points		Effect on Pre Tax Profit ($)		Effect on Equity including retained earnings ($)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	27,900	(27,900)	19,530	(19,530)

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk arises from the Company's investment portfolio.

The effect on the statement of comprehensive income due to a reasonably possible change in market factors, as represented by the equity indices, with all other factors held constant is indicated in the table below. The change in index level is derived from a review of historical movements. The analysis is performed on the same basis for 2019.

		2020	2020
Index	Change in Index	Effect on Pre Tax profit ($)	Effect on Equity including retained earnings ($)
ASX Small Ordinaries Index	Increase 10%/ (Decrease 10%)	6,290,000/ (6,290,000)	4,405,000/ (4,405,000)

		2019	2019
Index	Change in Index	Effect on Pre Tax profit ($)	Effect on Equity including retained earnings ($)
ASX Small Ordinaries Index	Increase 10%/ (Decrease 10%)	6,700,000/ (6,700,000)	4,690,000/ (4,690,000)

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

In accordance with a resolution of the Directors of Ozgrowth Limited, the Directors declare that:

1. In the opinion of the Directors:

    (a) the financial statements and notes of the Company are 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 2020 and of its performance for the year ended on that date; and

        (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

    (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); and

    (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

    (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

On behalf of the Board

Jay Hughes
Non-Executive Chairman

Dated: 19 August 2020

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Independent auditor's report to the members of Ozgrowth Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Ozgrowth Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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

RK:DA:OZG:007

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1. Investment valuation

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting of listed equities. As at 30 June 2020, the value of these financial assets, as set out in Note 5 of the financial report, was $62.9 million, which represents 87% of the total assets held by the Company at that date. The Company's accounting policy, described in Note 2(d) of the financial report, recognises these financial assets at fair value through profit or loss in accordance with Australian Accounting Standards. Volatility and other market drivers can have a significant impact on the value of these financial assets; therefore, valuation of the investment portfolio was considered a key audit matter.	We assessed the fair value of significant investments in the portfolio held at 30 June 2020 by reference to independent pricing sources. We assessed the adequacy of the associated disclosures in Note 5 of the financial report.

2. Management and performance fees

Why significant	How our audit addressed the key audit matter
Management and performance fees paid to the investment manager, Westoz Funds Management Pty Ltd, are the most significant expense for the Company. For the year ended 30 June 2020, management and performance fees totalled $0.8 million which represents 70% of total expenses. The Company's accounting policy for management and performance fees is described in Note 2(n) of the financial report. All expenses are recognised on an accrual basis, with performance fees recognised in the financial report if the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date where certainty exists that the criteria has been met and the liability has been crystallised. The quantum of these expenses and the impact that the volatility in the market prices of investments can have on the recognition and payment of performance fees resulted in this being a key audit matter. The disclosure of these amounts is included in Note 15(b) of the financial report.	We assessed the Company's performance fee eligibility calculations. We recalculated management and performance fees in accordance with contractual arrangements, assessing whether contract rates were correctly applied. We tested the inputs to the performance fee calculation by ensuring the key inputs, including the investment portfolio values and the number of shares on issue at the beginning of the performance period and the movements in the investment portfolio value during the year were consistent with the financial report. We assessed the adequacy of the disclosures in Note 15(b) of the financial report.

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3. Income taxes – recognition and recoverability of deferred tax assets

Why significant	How our audit addressed the key audit matter
The Company recognises deferred tax assets (DTA) to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered as disclosed in note 7 of the financial report. At 30 June 2020, the Company has recognised $1.1 million of net DTA consisting of unrealised investment losses and current year tax losses. The probability of recovery is impacted by uncertainties regarding the likely timing and level of future taxable profits. The analysis of the recognition and recoverability of the deferred tax assets was considered a key audit matter due to the value of the asset and the judgements involved in the assessment process as assumptions are affected by expected future market or economic conditions.	Our tax specialists were involved in the assessment of the recognition of deferred tax balances based on local tax regulations. We analysed the recoverability of the deferred tax assets by assessing the Company's estimated future taxable income. We considered the assumptions used in this forecast and the historical accuracy of the Company's forecasting. We performed sensitivity analyses on the key assumptions in the forecasts. We assessed the adequacy of the disclosures in Note 7 of the financial report.

4. Dividend payment

Why significant	How our audit addressed the key audit matter
After providing for the dividend, as disclosed in Note 8 of the financial report, the Company had net assets of $71.3 million which is lower than the contributed equity (share capital) of $72.2 million at 30 June 2020. The Company is required to ascertain that the proposed dividend is in compliance with the requirements of the *Corporations Act 2001* (the "Act") and is not a return of capital. This is considered a key audit matter due to the judgement involved in interpretation of the legislation.	We considered the legal advice obtained by the Company to assess whether the proposed dividend complies with the requirements of *Corporations Act 2001*, with particular consideration given to the status of the dividend under the Act.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the Directors' Report accompanying the financial report, but does not include the financial report and our auditor's report thereon.

RK:DA:OZG:007

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ozgrowth Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

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

Ernst & Young

Robert A Kirkby
Partner
Perth
19 August 2020

RK:DA:OZG:007

ADDITIONAL INFORMATION

AS AT 19 AUGUST 2020

A) DISTRIBUTION OF SHAREHOLDERS

Analysis of number of shareholders by size of holding.

Range	Total Holders	Units	% Unit
1 - 1,000	32	1,371	0.00
1,001 - 5,000	46	154,883	0.04
5,001 - 10,000	68	577,697	0.16
10,001 - 100,000	272	11,992,134	3.41
100,001 Over	166	339,463,352	96.39
Rounding			0.00
Total	**584**	**352,189,437**	**100.00**

Number of holders holding less than a marketable parcel: 40 at $0.185 per unit

B) TOP HOLDERS

The twenty largest holders of ordinary fully paid shares are listed below.

		Ordinary Shares	
Rank	**Name**	**Units**	**%**
1	ZERO NOMINEES PTY LTD	149,894,093	42.56
2	CAPE BOUVARD EQUITIES PTY LTD	40,000,000	11.36
3	GOLD TIGER INVESTMENTS PTY LTD	14,000,000	3.98
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,377,376	2.38
5	ACRES HOLDINGS PTY LTD <NOEL EDWARD KAGI FAMILY A/C>	6,900,000	1.96
6	REDBROOK NOMINEES PTY LTD	6,800,000	1.93
7	MR RICHARD HAMILTON BARTLETT	6,236,185	1.77
8	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	6,000,000	1.70
9	ICE COLD INVESTMENTS PTY LTD	5,410,151	1.54
10	YANDAL INVESTMENTS PTY LTD	4,885,000	1.39
11	ONYX (WA) PTY LTD	4,447,000	1.26
12	MR JAY HUGHES + MRS LINDA HUGHES	3,750,000	1.06
13	NICKSON PTY LTD	3,580,758	1.02
14	CARMANT PTY LTD <CARMANT SUPER FUND A/C>	3,259,833	0.93
15	ROLLASON PTY LTD <GIORGETTA SUPER PLAN A/C>	3,000,000	0.85
16	MR JAMES WILLIAM TONKIN + MRS SHARON KATHLEEN TONKIN <TONKIN FAMILY S/F A/C>	3,000,000	0.85
17	MR WILLEM BARTUS JOSEF SLOT	2,883,561	0.82
18	MR ANDREW MCKENZIE + MRS CATHERINE MCKENZIE <A W MCKENZIE SUPER FUND A/C>	2,500,000	0.71
19	ACRES HOLDINGS PTY LTD	2,177,928	0.62
20	PIAMA PTY LTD <FENA SUPERANNUTAION PLAN A/C>	2,172,451	0.62
	Total	**279,274,336**	**79.30**
	Remainder	**72,915,101**	**20.70**
	GRAND TOTAL	**352,189,437**	**100**

ADDITIONAL INFORMATION (CONT'D)

AS AT 19 AUGUST 2020

C) SHAREHOLDERS WITH GREATER THAN 5%

As at 19 August 2020, the Company had 2 shareholders with greater than 5% of the issued ordinary share capital:

Shareholder	Units	%
Euroz Limited	144,713,502	40.58%
Cape Bouvard Equities Pty Ltd	40,000,000	11.36%

D) ON-MARKET BUY-BACK

The company has a current on-market buy-back.

E) VOTING RIGHTS

The voting rights for each class of security on issue as at 19 August 2020 are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each ordinary fully paid share held.

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