



Annual Report

Year ended 30 June 2018

Corporate Directory

Directors	Peter McKillop John McBain Jennifer Horrigan Anton Tagliaferro Simon Conn	(Independent Director, Chairman) (Independent Director) (Independent Director) (Non-independent Director) (Non-independent Director)
Secretary	Zac Azzi	
Investment Manager	Investors Mutual Limited Level 24, 25 Bligh Street Sydney NSW 2000 (AFSL 229988)	
Registered Office	Level 24, 25 Bligh Street Sydney NSW 2000 Telephone: (02) 9232 7500 Fax: (02) 9232 7511 Email: info@qvequities.com Website: www.qvequities.com ABN 64 169 154 858	
Share Registrar	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 Telephone: 1800 868 464	
Auditor	Pitcher Partners Level 22 MLC Centre, 19 Martin Place Sydney NSW 2000	
Stock Exchange	Australian Securities Exchange (ASX) ASX code: QVE Ordinary shares	

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Corporate Governance Statement

The Board of Directors of QV Equities Limited (“the Company”) is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (“CGS”) in accordance with the third edition of the ASX Corporate Governance Council’s Principles and Recommendations under which the CGS may be made available on a company’s website. Accordingly, a copy of the Company’s CGS is available on the Company’s website: www.qvequities.com

Financial Highlights

Year in Summary FY2018

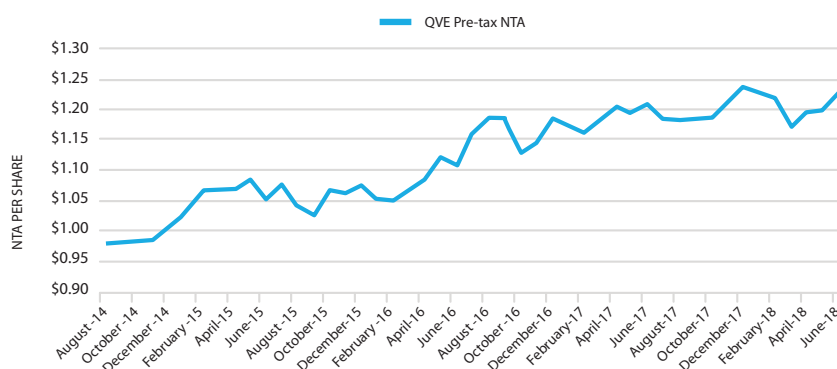
Profit after tax \$11,143,913 (\$8,497,402 in FY17)	Management Expense Ratio 0.99% (1.01% in FY17)		
Earnings Per Share (cents) 4.05 Basic (3.61 in FY17)	Portfolio Return (Pre-tax)* +6.0%	Benchmark** +15.9%	ASX 300* +13.2%
	Portfolio Return (Post-tax)* +5.6%		
Dividends 5.2 cps Fully Franked (declared for FY 2018) (4.0cps in FY17)	Portfolio Return (Pre-tax) since inception +9.6% p.a.	Benchmark[#] Return since inception +11.9% p.a.	
Net Assets \$326,002,469 (\$320,401,651 in FY17)	Net Tangible Assets (NTA) 1.23 (pre-tax cum div) 1.18 (post tax cum div)		

All data as at 30 June 2018

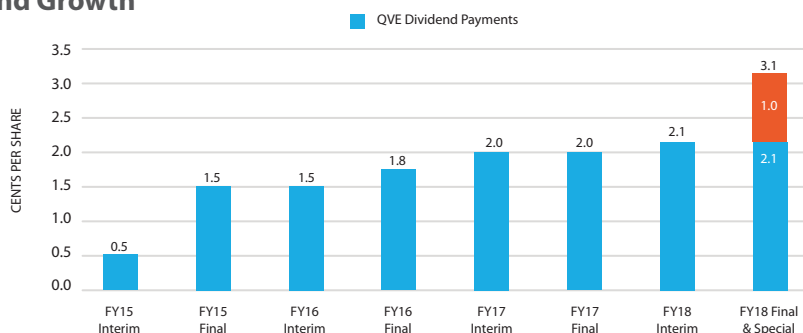
*Returns are measured for the 2018 financial year

S&P/ASX300 ex20 index

Historical NTA Growth



Historical Dividend Growth



QV Equities Limited (the “Company”) is a Listed Investment Company, established to invest in a diversified portfolio of ASX listed entities outside the S&P/ASX 20 Index. The Company’s investment portfolio is managed by Investors Mutual Limited (IML).

Investment Objective

The Company’s primary objective is to deliver long term value to shareholders through a combination of capital growth and income, by investing in a diversified portfolio of quality ASX listed entities outside the S&P/ASX 20 Index. The Company aims to achieve after-fee returns over a five-year plus investment period that are higher than the S&P/ASX 300 Accumulation Index, excluding that part of the return that is generated by the securities comprised in the S&P/ASX 20 Accumulation Index.

Foundation of the Company’s Investment Strategy

The Australian sharemarket is heavily concentrated amongst the larger entities both in terms of market capitalisation and industry sector. The S&P/ASX 20 Index - representing the 20 largest entities by market capitalisation on the ASX - accounts for 52% of the S&P/ASX 300 Index by market capitalisation and has a high, 71% concentration in the Financial and Resource sectors as at 30 June 2018.

Investment Strategy

The Company’s investment strategy is to create a diversified and balanced portfolio of ASX listed securities outside the S&P/ASX 20 Index, aiming to capitalise on IML’s disciplined investment approach and intensive research process. When assessing investment opportunities, IML’s team of highly experienced analysts undertake a comprehensive ‘bottom-up’ approach in identifying, researching and valuing companies. IML’s approach to identifying opportunities for the portfolio is systematic, disciplined and focuses on finding those entities that meet IML’s investment criteria and then determining an appropriate valuation for those entities. This is the same approach that has been applied successfully by IML for over 20 years.

In addition to long term capital growth, IML is focused on long term income growth for the portfolio, seeking investment opportunities that pay sustainable and growing dividends with attractive franking credits, with the portfolio being diversified across both industry and individual securities.

Chairman's Letter

Dear Shareholders,

This is the fourth annual report to shareholders, since the Company listed on the Australian Stock Exchange ('ASX') on 22 August 2014.

Our objective

The Company's key objective remains unchanged - to deliver both long-term capital growth and income to our shareholders. We do this by investing in a quality, diversified portfolio of securities listed on the ASX, excluding those in the S&P/ASX top 20 Index.

The Australian sharemarket, as measured by the ASX 300 Index, is highly weighted towards the twenty largest entities. The top 20 Index is heavily concentrated in the volatile Financial and Resources sectors and accordingly may not provide investors with an opportunity to diversify their portfolios.

In comparison, the remaining part of the market (ex-20), where the QVE portfolio is invested, offers investors the opportunity for greater diversification across various sectors and stocks. The ex-20 segment is less researched than the larger companies listed on the ASX and as such, offers investors an enhanced opportunity to gain the long-term capital growth and income they are seeking.

In October 2017, the Company was named as one of three finalists for the Listed Investment Company of the Year in the Professional Planner/Zenith Fund Awards for 2017. We are proud of this achievement and the independent recognition of the Company as a high-quality listed investment company.

Our portfolio of securities is managed by Investors Mutual Limited (the "Manager"), a multi award-winning and experienced fund manager with an excellent track record of managing Australian equities since 1998.

The Manager seeks to target quality entities led by capable management, which have competitive advantages, a recurring and predictable earnings stream which can grow over time and whose securities can be bought at an attractive entry price.

2018 marks the 20th year in which Investors Mutual has been successfully managing investors' funds. During the year Investors Mutual joined Natixis Investment Managers, a Global group that has ownership in fund managers world-wide. Under Natixis, Investors Mutual retains its autonomy, investment philosophy and culture and benefits from the support of a global group which has a track record of successful ownership in investment management companies around the world.

Market overview

The ASX300 Accumulation Index enjoyed a solid year returning +13.2% and finishing at its highest level in a decade. The main drivers of returns were the Resources sector which gained +40% over the financial year and the Consumer Staples sector which gained +30%. The Healthcare sector also continued its strong run returning +26.6% over the year. Conversely, in the Telecommunication sector, competition continued to intensify with the NBN rollout contributing to a negative return of 28.3% for the year. It was also a challenging year for the Financials sector with the Royal Commission fallout leading to a flat return for the sector.

Fiscal year 2018 was fairly eventful for global markets. The positive mood in the first half turned into a more cautious one in the second half as investors responded to US interest rate rises and tax cuts as well as geopolitical events around the world, notably North Korea's nuclear threat, US/China trade tariffs, higher oil prices and the re-emergence of nationalist politics in Europe.

Investment performance

For the 12 months to 30 June 2018, the Company's portfolio returned +6.0% before tax, whilst a solid outcome, it lagged the ASX ex 20's return of +15.9% primarily as a result of the portfolio's low weighting to the volatile Resources sector which had a strong year.

The past 12 months has been challenging with upward momentum in the market taking many companies' valuations beyond their fundamentals. On behalf of shareholders, the Manager continues to adhere to its disciplined investment strategy which has defined its approach to investing for the past 20 years – through all market cycles.



With the market at ten year highs, the Manager is investing with caution. The Manager has provided details of the Company's investment performance and an overview of holdings and activity in the Investment Manager's Report on pages 8 to 10.

Financial results

For the year ended 30 June 2018, the Company delivered a net after-tax profit of \$11.1 million. On an earnings per share basis, the FY 2018 result equates to after-tax earnings of 4.05 cents, up 12.19% from FY2017.

A fully franked interim dividend of 2.1 cents per share was paid on 4 April 2018. A final fully franked dividend for the 2018 financial year, of 2.1 cents and a special dividend of 1.0 cents per share, will be paid on 31 October 2018 (the ex-dividend date for the final dividend will be 1 October 2018). This represents an increase of 30% on the declared dividends for FY2017.

Pleasingly, this means that shareholders who subscribed four years ago to the IPO in August 2014, have now been paid a total of 11.4cps in fully franked dividends in addition to the growth in the NTA.

AGM

Shareholders are invited to attend our fourth Annual General Meeting to be held on Wednesday 24 October at 10am, in the Adelaide Room of the Sofitel Wentworth in Sydney. Following the AGM, the Manager will provide an Investor Update. For those not able to attend, a webinar will be held later in the day. Further details regarding the AGM proceedings will be sent to shareholders shortly.

Shareholder communication

We are committed to engaging shareholders with regular and consistent communication through a variety of formats:

- Monthly NTA reports, including investment commentary
- Regular investment videos
- Investment insights from the Manager
- Annual shareholder briefings in major cities
- Regular webinars

We would encourage shareholders to subscribe to receive these updates and invitations via the Company's website www.qvequities.com.

In summary

The Board continues to believe that a carefully selected holding of ex-20 stocks, managed by Investors Mutual Limited, will provide good opportunities for shareholders going forward. The Company's investment portfolio remains prudently positioned in good quality companies, underpinned by reasonable valuations – with upside potential, sustainable earnings from a diverse range of sectors, solid and consistent levels of franked dividends and cash ready to take advantage of market volatility.

I look forward to further discussing the results presented in this Annual Report and to meeting as many of our shareholders as possible at the Annual General Meeting on 24 October.

Yours sincerely,



Peter McKillop, Chairman

15 August 2018



Investment Manager's Report

Investors Mutual Limited ('IML') is pleased to deliver its fourth investment report for QV Equities Limited.

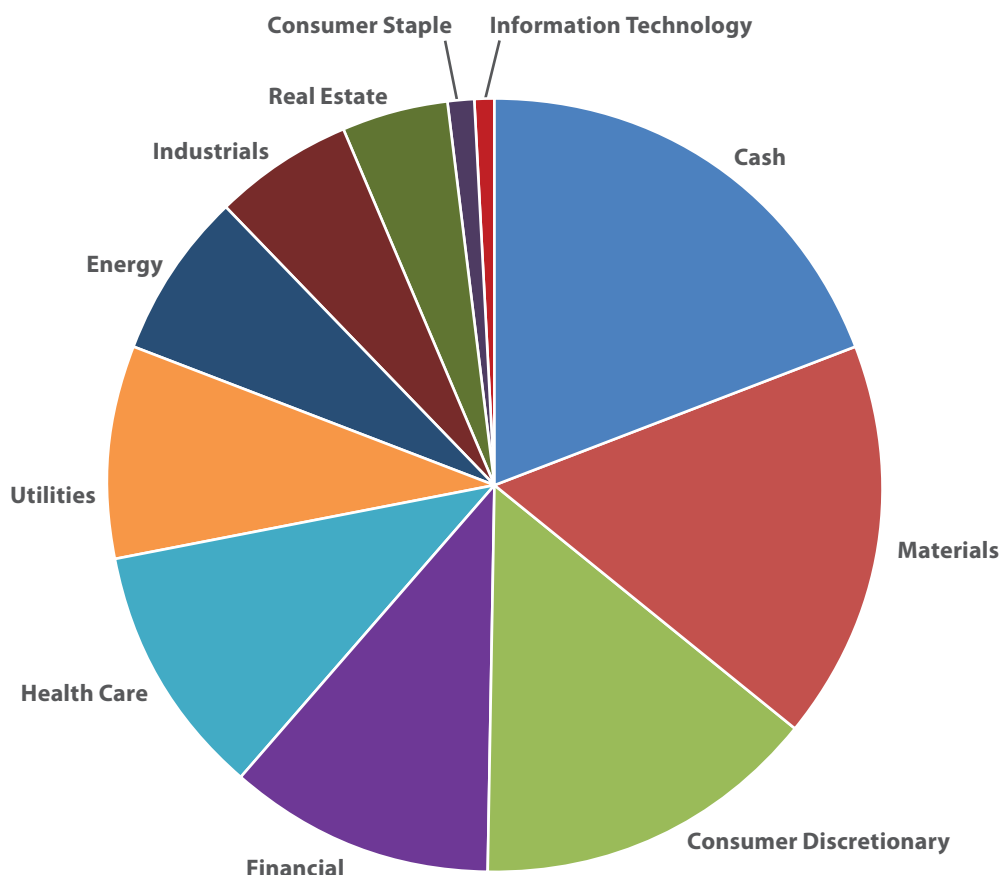
Synchronised global economic growth and continued low interest rates pushed markets higher over FY 2018 with many company valuations pushed above their fundamentals. As such, IML has remained cautious and prudent in managing the QVE portfolio of stocks outside the ASX top 20.

IML continues to maintain strict adherence to the investment mantra which has defined its approach to investing for the past 20 years through all market cycles. IML looks to invest in companies at an attractive entry price, which possess the following four clear quality characteristics:

- a competitive advantage over their peers;
- recurring predictable earnings;
- a capable management team; and
- the ability to grow earnings and dividends over time.

As at 30 June 2018, the Company's portfolio was made up of 42 listed securities spread across various ASX sectors. Some of the top holdings of the Company include well-known companies such as Caltex, Crown and Orica as well as other lesser known but quality companies such as Pact Group, Spark Infrastructure and Steadfast.

Portfolio Allocation as at 30 June 2018



Investment Manager's Report (continued)

Key Equity Investments	Description	Holding weight*
Pact Group	Rigid plastics packaging company	4.28%
Sonic Healthcare	Global pathology company	4.06%
Caltex Australia	Petrol retailer and refinery company	4.05%
Clydesdale Bank	UK retail bank	3.99%
Amcor Limited	Global packaging company	3.92%
Crown Resorts	Entertainment and gaming company	3.78%
Fletcher Building	NZ building materials company	3.77%
Spark Infrastructure	Owner of electricity distribution and transmission assets	3.71%
Orica	Manufacturer of commercial grade explosives & chemicals	3.34%
Steadfast	Insurance broker	2.99%
Bank of Queensland	Australian regional bank	2.86%
Mayne Pharma	Global Pharmaceutical company	2.44%
Skycity Entertainment	Entertainment and gaming company	2.19%
Ansell	Global glove manufacturer	2.07%
Integral Diagnostics	Radiology company	2.05%
Aurizon	Australian rail company	2.05%
GWA	Owner & importer of bathroom brands incl. Caroma	2.01%
Southern Cross Media	Radio, television and digital assets company	1.94%
Z Energy	NZ Petrol retailer and refinery company	1.86%
Genesis Energy	NZ electricity generation, natural gas & LPG retailing company	1.53%

*Holding weight as at 30 June 2018

The complete portfolio is shown on pages 50 to 51 of this financial report.

For the 12 months to 30 June 2018 the QVE portfolio returned +6.0% before tax and after fees. While a solid outcome, it lagged the ASX ex 20's return of +15.9% primarily as a result of the portfolio's low weighting to the volatile Resources sector which had a strong year. The portfolio benefited from its exposure to holdings such as Tox Free Solutions, Integral Diagnostics and Crown Resorts which all performed well. The Resource sector rallied strongly, mainly on the back of a stronger oil price with companies such as Santos, Whitehaven Coal, Beach Energy and WorleyParsons all performing strongly. These are stocks which do not fit the four quality criteria that we look for in companies. Their earnings, dividends and share prices can be very unpredictable and volatile over time.

One of the best performers for QVE over 2018 was Tox Free Solutions. Tox is a leader in hazardous, industrial and healthcare waste with its licences, treatment facilities across Australia and scale creating significant barriers to entry. With waste removal and disposal an essential service, the revenues of Tox are highly recurring and defensive. The increasing diversion of waste away from landfill as well as a number of strategic acquisitions over the last few years has also supported a solid growth outlook over the medium term. Given this defensive and growing profile, it was little surprise when listed peer Cleanaway emerged as a bidder for the company at a 30% premium at \$3.48 per share in late calendar 2017, a bid which we accepted thereby realising very good capital gains for QVE.

Crown Resorts was another strong contributor over the year, gaining +21%. Crown is the owner of strong and exclusive casino franchises in Melbourne and Perth, and has also commenced construction of the Crown Sydney Hotel Resort at the new Barangaroo South precinct in Sydney. The barriers to entry to Crown's businesses are high as the company is the owner of long term exclusive casino licences in desirable locations in central Melbourne and Perth and that enjoy strong incumbency benefits. Crown has addressed market concerns over future funding of Crown Sydney in recent times by divesting its stake in Melco Crown in Macau, exiting out of its development project in Las Vegas, and selling its CrownBet bookmaking business. Focusing on its core Australian operations has allowed the company to repair its balance sheet, undertake capital management by paying an 83cps special dividend to shareholders and undertaking a \$500m on-market buyback.



Investment Manager's Report (continued)

Looking forward, while global growth has improved, risks to the outlook remain. High consumer debt levels in most developed economies means that earnings growth for many companies remains difficult to achieve. While the outlook for interest rates in most parts of the world remains benign, the Federal Reserve in the US and other central banks are moving towards normalising cash rates. Australia's inflation rate remains low at around 2%, and with household debt at record levels, interest rates in Australia look set to remain low for some time as there is little incentive for the RBA to raise the cash rate from its current record low of 1.5% in the near term.

IML remains cautious on the outlook for markets. Given the low alternative rates of return from cash and bonds many equity valuations remain elevated as investors have bid up share prices in search of income and growth. Markets, which repriced higher on the back of the Trump election victory in late 2016, have remained buoyant as US economic and labour data has remained robust. Global indices now sit at record levels. As a consequence, we continue to hold a reasonably high cash weighting, reflecting the high valuation of many companies. In what is a volatile and variable growth environment going forward, IML remains focused on investing in companies that we believe are reasonably valued and that can grow through their own initiatives rather than relying on general economic tailwinds.

IML continues to focus on companies that can grow their earnings through identified 'self-help' initiatives. These initiatives include; companies capable of making accretive bolt-on acquisitions, such as Pact Group; companies growing market share, such as GWA Group; companies restructuring their business, such as Caltex and Crown Resorts; or companies that have contracted revenue growth, such as Spark Infrastructure and Shopping Centres Australasia.

It remains our pleasure to continue to apply IML's quality and value investment philosophy and approach to the Company's portfolio for another year. The ex-20 sector of the market is a sector which has delivered good returns for our investors over many years, and which we believe continues to offer investors good opportunities while also diversifying their exposure away from the ASX top 20.

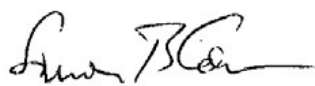
The last 18 months has been challenging for value investors such as IML. Companies exposed to the latest theme or fad are being aggressively bid up, despite what are often poor fundamentals or a lack of sustainable earnings. We remain focused on investing in companies with strong fundamentals that are trading at reasonable valuations. With the market willing to pay ever higher multiples for growth, we continue to believe that portfolios such as QVE's which are underpinned by value and quality stocks remain the best place to be.

Our objective is clear; to deliver reasonable, long-term growth over time through a steadily growing NTA, whilst also paying a healthy dividend to the Company's shareholders sourced predominantly from the dividends paid by the companies in which we invest. As true-to-label value investors we refuse to be carried away with the latest fads, concepts or momentum plays.

Together with the investment team, we look forward to meeting shareholders either at the upcoming AGM or any of the investor forums which we will be holding early in 2019.



Anton Tagliaferro
Investment Director
Investors Mutual Limited
15 August 2018



Simon Conn
Senior Portfolio Manager
Investors Mutual Limited
15 August 2018



The Directors present their report together with the financial report of QV Equities Limited ("the Company") for the year ended 30 June 2018.

Directors

The following persons were Directors of the Company from their appointment date and up to the date of this report:

Name	Position	Appointment date
Peter McKillop	Independent Director (Chairman)	17 April 2014
John McBain	Independent Director	17 April 2014
Jennifer Horrigan	Independent Director	26 April 2016
Anton Tagliaferro	Non-independent Director	30 April 2014
Simon Conn	Non-independent Director	14 June 2016

Principal activities

The principal activity of the Company is making investments in a diversified portfolio of entities listed on the Australian Securities Exchange which are not included in the S&P/ASX 20 Index. The primary objective is to provide both long-term capital growth and income. No change in this activity took place during the year or is likely in the future.

Dividends

Dividends paid to shareholders were as follows:

	Dividend Per Share	Total amount	Date of payment	% Franked
2018				
Ordinary shares – interim 2018	2.1 cents	\$5,780,957	04/04/2018	100%
Ordinary shares – final 2017	2.0 cents	\$5,501,410	31/10/2017	100%
2017				
Ordinary shares – interim 2017	2.0 cents	\$4,430,175	03/04/2017	100%
Ordinary shares – final 2016	1.8 cents	\$3,984,999	31/10/2016	100%

Since year end, the Directors have declared a final fully franked dividend of 2.1 cents and a special dividend of 1.0 cent per fully paid ordinary share both to be paid on 31 October 2018.

Review of operations

The Board is pleased with the performance of the Company since listing in August 2014. Our investment manager, Investors Mutual Limited (IML) has patiently built a portfolio of good quality ex 20 shares which IML believe are well placed to deliver the Company's objectives of long term capital growth and consistent income.



Directors' Report (continued)

Review of operations (continued)

Listed below is the Company's performance for the past 6 and 12 months:

PERFORMANCE	Increase in QVE's NTA	BENCHMARK Return
12 months to 30 June 2018	+5.6%	+15.9%
31 December 2017 to 30 June 2018	+1.9%	+3.9%

Note: these figures are calculated net of IML's management fee.

Investment operations for the year ended 30 June 2018 resulted in an operating profit before tax of \$11,658,676 (2017: \$9,222,156) and an operating profit after tax of \$11,143,913 (2017: \$8,497,402).

Net Tangible Assets (NTA) for each ordinary share as at 30 June 2018 (calculated on market value less realisation costs and before applicable taxes and before provision of dividends) amounted to \$1.23 (2017: \$1.21) per share. NTA after provision for tax and before provision for dividends was \$1.18 (2017: \$1.16) per share.

Further information on the operating and financial review of the Company is contained in the Chairman's letter on pages 6 to 7 of the Annual Report.

Financial position

The net asset value of the Company at 30 June 2018 was \$326,002,469 (2017: \$320,401,651).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2018.

Matters subsequent to the end of the period

Since the end of the financial year, the Directors declared a fully franked final dividend of 2.1 cents and a special dividend of 1.0 cent per fully paid ordinary share both payable on 31 October 2018.

No other matter or circumstance other than those mentioned above, has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its primary objective of providing long term capital growth and income through a diversified portfolio of the ASX listed entities outside of the S&P/ASX 20 index.

Further information on the Company's business strategies and results is contained in the Investment Manager's Report on pages 8 to 10 of the Annual Report.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulation may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.



Information on Directors

Peter McKillop

Independent Director, Chairman

Experience and expertise

Peter McKillop has over 30 years' experience in the funds management, financial planning and superannuation industry. Peter was Managing Director of State Super Financial Services from 1990 until his retirement in 2011. During his time with State Super Financial Services, Peter was responsible for the overall management of the company's activities, including compliance with all legislative requirements and ensuring that the product range remained appropriate to clients needs.

Prior to joining State Super Financial Services, Peter was the Group Manager Investment Services at Perpetual Funds Management Limited (Perpetual) where he engineered the launch of Perpetual's house funds into the retail area in 1987, including Perpetual's highly successful Industrial Share Fund.

Peter is a Fellow of the Institute of Chartered Accountants of Australia and holds a Bachelor of Economics from the University of Sydney.

Peter was appointed as the Chairman of the Board on 14 June 2016.

John McBain

Independent Director

Experience and expertise

John McBain has over 19 years' experience in the funds management industry. John is currently the Chief Executive Officer and Executive Director of Centuria Capital Limited (Centuria), an ASX listed specialist investment manager with \$4.6 billion in assets under management.

In 1999 John formed Century Property Funds, a dedicated unlisted property fund manager and in 2006 he arranged the merger of unlisted property fund manager Century Funds Management Pty Limited with Centuria Capital Limited. John oversees the core operations of Centuria namely, listed and unlisted property funds management and tax effective investment bond management. John is a director of Centuria Life Limited and sits on the investment committees of both Centuria Life and Over Fifty Guardian friendly societies.

Prior to his roles with Century and Centuria, John held senior positions in a number of property investment and consulting companies in Australia, New Zealand and the United Kingdom. John holds a Diploma in Urban Valuation from Auckland University.

Other current directorships

Peter McKillop is a Director of the Advisory Board of the Australian Dental Health Foundation.

Former directorships in last 3 years

Peter McKillop has not held any other directorships of listed companies within the last three years.

Special responsibilities

Chairman of the Board.

Interests in shares and options of the Company

Details of Peter McKillop's interest in shares of the Company are included later in this report.

Interests in contracts

Peter McKillop has no interests in contracts of the Company.

Other current directorships

John McBain is a Director of Centuria Capital Limited and Centuria Life Limited.

Former directorships in last 3 years

John McBain has not held any other directorships of listed companies within the last three years.

Special responsibilities

Chairman of Nomination and Corporate Governance Committee.

Interests in shares and options of the Company

Details of John McBain's interest in shares of the Company are included later in this report.

Interests in contracts

John McBain has no interests in contracts of the Company.



Directors' Report (continued)

Information on Directors (continued)

Jennifer Horrigan

Independent Director

Experience and expertise

Jennifer Horrigan has more than 25 years' experience across investment banking, financial communications, investor relations and strategic communications. She was most recently the Chief Operating Officer in Australia of the independent investment bank Greenhill & Co.

Jennifer holds a Bachelor of Business from the Queensland University of Technology, a Graduate Diploma in Applied Finance from Finsia and a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM).

Other current directorships

Jennifer Horrigan is a Director of APN Funds Management, Industria REIT (ASX: IDR), Convenience Retail REIT (ASX:CRR) and Chairman of Redkite (national children's cancer charity) and a Director of Breast Cancer Trials.

Former directorships in last 3 years

Jennifer Horrigan was formerly a Director of Generation Healthcare (ASX: GHC)

Special responsibilities

Chair of the Audit Committee.

Interests in shares and options of the Company

Jennifer Horrigan has no interests in shares in the Company.

Interests in contracts

Jennifer Horrigan has no interests in contracts of the Company.

Anton Tagliaferro

Non-independent Director

Experience and expertise

Anton Tagliaferro has over 30 years' experience in the financial services industry. Anton founded the Manager, Investors Mutual Limited in March 1997 and holds the position of Chief Investment Officer and Investment Director.

Anton commenced his professional year with Deloitte Haskins and Sells in London, where he gained the status of Chartered Accountant. From 1988 to 1992 Anton was Group Investment Manager and Equities Manager at Perpetual Trustees Australia Ltd (Perpetual). At Perpetual, Anton was responsible for running Perpetual's Industrial Share Fund which during his time, continually outperformed in the Australian equities market and was highly rated in Money Management's annual Australian Equity Manager surveys for four years in a row.

Anton holds a Bachelor of Arts (Honours) in Accountancy from the Metropolitan University in London, is a member of the Institute of Chartered Accountants and a member of the Financial Services Institute of Australasia.

Other current directorships

Anton Tagliaferro is a Director and holds equity interests in Investors Mutual Limited.

Former directorships in last 3 years

Anton Tagliaferro has not held any other directorships of listed companies outside the Company.

Interests in shares and options of the Company

Details of Anton Tagliaferro's interest in shares of the Company are included later in this report.

Interests in contracts

Details of Anton Tagliaferro's interest contracts of the Company are included later in this report.



Information on Directors (continued)

Simon Conn

Non-independent Director

Experience and expertise

Simon Conn has served as part of the Manager's investment team since June 1998 and has over 12 years' experience as a Senior Portfolio Manager in the small cap sector.

While employed with the Manager, Simon is responsible for analysing stocks from a wide range of industry sectors which have given him the broad grounding to manage the Manager's small cap portfolios.

In 1992 Simon commenced his career at KPMG as a tax and investment consultant. In 1995 Simon joined the investment division of QBE Insurance Group where he was employed as an analyst across a range of asset classes including equities.

Simon holds a Bachelor of Economics and Bachelor of Laws from the University of Sydney. Simon is a qualified solicitor and is a Fellow of the Financial Services Institute of Australasia.

Simon was appointed to the Board on 14 June 2016.

Zac Azzi

Company Secretary

Zac Azzi has over 20 years' financial services experience covering asset management, custody, platform and advice. Zac started his career in corporate accounting at AMP and then St George Bank. In 2003 Zac joined Old Mutual Australia Limited (Skandia) in the role of Head of Finance and Operations, and subsequently Chief Operating Officer (COO), helping them establish and manage their Australian operations

Other current directorships

Simon Conn has not held any other directorships of listed companies outside the Company.

Former directorships in last 3 years

Simon Conn has not held any other directorships of listed companies within the last three years.

Interests in shares and options of the Company

Details of Simon Conn's interest in shares of the Company are included later in this report.

Interests in contracts

Details of Simon Conn's interest contracts of the Company are included later in this report.

Zac subsequently joined SFG Australia Limited where he helped them established their funds management and platform businesses before joining Investors Mutual Limited (the Manager) in August 2015 where he was appointed as COO and Company Secretary.

Zac holds a Bachelor of Commerce from the Macquarie University, a Masters of Business Administration from the Australian Graduate School of Management and is also a Certified Practising Accountant.



Directors' Report (continued)

Meeting of Directors

The numbers of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Meeting of committees			
			Audit		Nomination	
	A	B	A	B	A	B
Directors						
Peter McKillop	6	6	5	5	3	3
John McBain	6	6	5	5	3	3
Jennifer Horrigan	6	6	5	5	3	3
Anton Tagliaferro	3	6	-	-	-	-
Simon Conn	6	6	-	-	-	-

A = Number of meetings attended B = Number of meetings held during the time the Director held office or was a member of the committee during the year

The Company has not established a Remuneration Committee as it has no paid employees. The services of Zac Azzi (COO and Company Secretary), Anton Tagliaferro (Executive Director) and Simon Conn (Executive Director) are provided to the Company without additional charge as part of the arrangements with the Investment Manager.

Remuneration report (audited)

This report details the nature and amount of remuneration for each Director of QV Equities Limited in accordance with the *Corporations Act 2001*.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain qualified and experienced Directors.

Directors' base fees are set at a maximum of \$100,000 per annum. Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main Board activities and membership of committees. Under the ASX Listing Rules, the maximum fees paid to Directors may not be increased without the approval from the Company at a general meeting. Directors seek approval from time to time as appropriate.

(a) Details of remuneration

The following table shows details of the remuneration paid by the Company to the Directors for the year ended 30 June 2018 and 30 June 2017.

2018	Short term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Non-executive Directors			
Peter McKillop	15,000	25,000	40,000
Jennifer Horrigan	27,397	2,603	30,000
John McBain	27,397	2,603	30,000
Total key management personnel compensation	69,794	30,206	100,000

2017	Short term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Non-executive Directors			
Peter McKillop	9,132	30,868	40,000
Jennifer Horrigan	27,397	2,603	30,000
John McBain	27,397	2,603	30,000
Total key management personnel compensation	63,926	36,074	100,000

Remuneration report (audited) (continued)

(a) Details of remuneration (continued)

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individual benefits for financial year 2018 and did not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

(b) Director related entity remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Anton Tagliaferro is a Director and holds equity interest in Investors Mutual Limited (IML), the entity appointed to manage the investment portfolio of QV Equities Limited. In its capacity as the Investment Manager, IML was paid a management fee of 0.90% p.a. (plus GST) of the portfolio net asset value on the first \$150 million and then 0.75% p.a. (plus GST) thereafter, amounting to \$2,974,146 (2017: \$2,550,828) inclusive of GST. The amount expensed in the Statement of Comprehensive Income after allowing for the reduced input tax credit is \$2,771,364 (2017: 2,376,908). As at 30 June 2018, the balance payable to the manager was \$249,642 (2017: \$246,307).

Simon Conn is a Portfolio Manager of the Manager and holds equity interests in the Manager.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Directors' fees are not directly linked to the Company's performance. Further details of the Company's performance are detailed in the Chairman's Letter and Investment Manager's Report.

(c) Remuneration of Executives

There are no Executives paid by the Company. IML, the Investment manager remunerated Anton Tagliaferro, Simon Conn and Zac Azzi as employees of the Manager during the financial period. The Manager is appointed to provide the day to day management of the Company and is remunerated as outlined above.

(d) Equity instrument disclosures relating to Directors

As at 30 June 2018 and 30 June 2017, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares Held

2018

Director	Position	Balance as at 1 July 2017	Acquisitions	Disposals	Balance as at 30 June 2018
Peter McKillop	Non-Executive Director	418,542	6,803	-	425,345
John McBain	Non-Executive Director	206,247	7,015	-	213,262
Jennifer Horrigan	Non-Executive Director	-	-	-	-
Anton Tagliaferro	Executive Director	5,710,000	90,000	1,200,000*	4,600,000
Simon Conn	Executive Director	150,000	-	-	150,000
		6,484,789	103,818	1,200,000	5,388,607

* Investors Mutual Limited initial capital contribution reduction

2017

Director	Position	Balance as at 1 July 2016	Acquisitions	Disposals	Balance as at 30 June 2017
Peter McKillop	Non-Executive Director	400,000	18,542	-	418,542
John McBain	Non-Executive Director	200,000	6,247	-	206,247
Jennifer Horrigan	Non-Executive Director	-	-	-	-
Anton Tagliaferro	Executive Director	6,000,000	10,000	300,000*	5,710,000
Simon Conn	Executive Director	150,000	-	-	150,000
		6,750,000	34,789	300,000	6,484,789

* Investors Mutual Limited initial capital contribution reduction.



Directors' Report (continued)

Remuneration report (audited) (continued)

Directors and Director-related entities acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

Options Held

2018

The directors did not hold or exercise any options during the current financial year.

2017

The directors did not hold or exercise any options during the current financial year.

End of Remuneration Report

Insurance and indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract to insure the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Board of Directors, in accordance with the advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 20 did not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

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



Peter McKillop, Chairman
15 August 2018

Auditor's Independence Declaration



**Auditor's Independence Declaration
To the Directors of QV Equities Limited
ABN 64 169 154 858**

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

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

This declaration is in respect of QV Equities Limited.

S M Whiddett
Partner

Pitcher Partners
Sydney

15 August 2018



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Statement of Comprehensive Income

	Notes	30 June 2018 \$	30 June 2017 \$
Investment income			
Dividend income		12,923,731	10,760,296
Interest income		1,146,036	941,302
Realised gains on options		962,874	313,419
Unrealised (losses) on options		(175,934)	(22,017)
Other income		73,115	27,696
Total investment income		14,929,822	12,020,696
Expenses			
Management fees		2,771,364	2,376,908
Directors' fees		100,000	100,000
ASX fees		85,866	88,819
Registry fees		119,501	121,618
Other expenses		194,415	111,195
Total expenses		3,271,146	2,798,540
Profit before income tax		11,658,676	9,222,156
Income tax expense	5	514,763	724,754
Profit after income tax		11,143,913	8,497,402
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Movement in fair value of long term equity investments, net of tax		5,172,870	17,960,106
Total comprehensive income for the year, net of tax		16,316,783	26,457,508
Earnings per share			
Basic and diluted earnings per share (cents per share)	13	4.05	3.61

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

Financial Statements (continued)

Statement of Financial Position

	Notes	30 June 2018 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents	6	55,310,602	75,657,537
Receivables	7	865,640	814,228
Prepayments		55,730	33,375
Total current assets		56,231,972	76,505,140
Non-current assets			
Long-term equity investments	8	284,256,550	259,247,833
Deferred tax assets	5	340,072	564,565
Total non-current assets		284,596,622	259,812,398
Total assets		340,828,594	336,317,538
Liabilities			
Current liabilities			
Trade creditors and other payables	10	1,558,248	2,359,882
Current tax liabilities	5	3,205,655	3,262,102
Financial liabilities held at fair value	9	1,001,920	374,650
Total current liabilities		5,765,823	5,996,634
Non-current liabilities			
Deferred tax liabilities	5	9,060,302	9,919,253
Total non-current liabilities		9,060,302	9,919,253
Total liabilities		14,826,125	15,915,887
Net assets		326,002,469	320,401,651
Equity			
Issued capital	11	281,680,091	281,113,681
Asset revaluation reserve		21,810,925	24,595,350
Capital profits reserve	12	15,899,401	10,294,914
Profits reserve	12	6,612,052	4,397,706
Total equity		326,002,469	320,401,651

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

Statement of Changes in Equity

	Notes	Issued capital \$	Asset revalued reserve \$	Capital profits reserve \$	Profits reserve \$	Retained profits \$	Total \$
Balance at 1 July 2017		281,113,681	24,595,350	10,294,914	4,397,706	-	320,401,651
Profit for the year		-	-	-	-	11,143,913	11,143,913
Other comprehensive income:							
Net revaluation of investments			5,172,870	-	-	-	5,172,870
Total comprehensive income for the year		-	5,172,870	-	-	11,143,913	16,316,783
Transactions with equity holders in their capacity as owners:							
Shares issued from dividend reinvestment plan	11	566,410	-	-	-	-	566,410
Dividends provided for or paid	14	-	-	(2,352,808)	(8,929,567)	-	(11,282,375)
Other							
Realised profits on sale of investments transferred to capital profits reserve	12	-	(7,957,295)	7,957,295	-	-	-
Transfer to profits reserve	12	-	-	-	11,143,913	(11,143,913)	-
Balance at 30 June 2018		281,680,091	21,810,925	15,899,401	6,612,052	-	326,002,469

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



Financial Statements (continued)

Statement of Changes in Equity

	Notes	Issued capital \$	Asset revalued reserve \$	Capital profits reserve \$	Profits reserve \$	Retained profits \$	Total \$
Balance at 1 July 2016		216,339,116	17,252,345	1,216,678	2,776,613	-	237,584,752
Profit for the year		-	-	-	-	8,497,402	8,497,402
Other comprehensive income:							
Net revaluation of investments	-		17,960,106	-	-	-	17,960,106
Total comprehensive income for the year			17,960,106	-	-	8,497,402	26,457,508
Transactions with equity holders in their capacity as owners:							
Costs of issued capital		(719,863)	-	-	-	-	(719,863)
Shares issued	11	65,160,968	-	-	-	-	65,160,968
Shares issued from dividend reinvestment plan	11	333,460	-	-	-	-	333,460
Dividends provided for or paid	14	-	-	(1,538,865)	(6,876,309)	-	(8,415,174)
Other							
Realised profit on sale of investments transferred to capital profits reserve	12	-	(10,617,101)	10,617,101	-	-	-
Transfer to profits reserve	12	-	-	-	8,497,402	(8,497,402)	-
Balance at 30 June 2017		281,113,681	24,595,350	10,294,914	4,397,706	-	320,401,651

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

Financial Statements (continued)

Statement of Cash Flow

	Notes	30 June 2018 \$	30 June 2017 \$
Cash flows from operating activities			
Dividends/distributions received		12,795,401	10,990,770
Interest received		1,146,896	1,039,069
Net realised gains on exchange traded options		1,414,210	214,077
Payments for other expenses		(3,327,553)	(2,801,611)
Other income		73,115	31,384
Income tax paid		(3,574,444)	(2,545,194)
Net cash inflow from operating activities	6	8,527,625	6,928,495
Cash flows from investing activities			
Payments for investments		(91,841,695)	(93,186,066)
Proceeds from sale of investments		73,683,092	72,702,502
Net cash outflow from investing activities		(18,158,603)	(20,483,564)
Cash flows from financing activities			
Dividends paid		(10,715,957)	(8,081,715)
Proceeds from issue of ordinary shares		-	65,160,968
Share issue transaction costs		-	(1,028,375)
Net cash inflow from financing activities		(10,715,957)	56,050,878
Net increase/(decrease) in cash and cash equivalents		(20,346,935)	42,495,809
Cash and cash equivalents held at the beginning of the year		75,657,537	33,161,728
Cash and cash equivalents at the end of the year	6	55,310,602	75,657,537

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

1. General Information

QV Equities Limited ("the Company") is a listed investment company domiciled in Australia. The Company was established with the primary objective of providing long term capital growth and income, through a diversified portfolio of the ASX listed entities outside of the S&P/ASX 20 Index. The portfolio is managed by Investors Mutual Limited.

The Company was registered with the Australian Securities Commission (ASIC) on 17 April 2014 and commenced operations on 22 August 2014.

The financial statements were authorised for issue by the Board on 15 August 2018.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The annual financial statements are for the entity QV Equities Limited.

(a) Basis of preparation

These general purpose annual financial statements for the year ended 30 June 2018 have been prepared in accordance with the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

(i) Compliance with IFRS

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New accounting standards and Interpretations

The Australian Accounting Standards Board has issued new accounting standards and interpretations that have mandatory application for future reporting periods, some of which are relevant to the Company. The Directors have assessed these new standards and interpretations.

The Company has elected to early adopt AASB 9 *Financial Instruments* Standard which applies to annual reporting periods beginning from 1 January 2018. AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. These requirements improve and simplify the approach for the classification and measurement of financial assets and liabilities compared to the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 9 allows investments in equity instruments, which were previously classified as available for sale financial assets, to be classified as equity instruments revalued through other comprehensive income. Investments continue to be valued at fair value with changes in value being recognised in the asset revaluation reserve.

Under AASB 9 there is no recycling of the realised gains and losses to the income statement as was previously required by AASB 139. There is also no requirement to test the Company's investments for impairment so there is no transfer of unrealised impairment losses from the asset revaluation reserve to the income statement.

(iii) Standards issued but not yet effective

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

2. Summary of significant accounting policies (continued)

(b) Investments

(i) Recognition and initial measurement

Long term equity investments and investments held for sale are recognised initially at cost.

(ii) Classification and subsequent measurement

The Company designates all long term equity investments as financial assets measured at fair value through other comprehensive income and therefore records subsequent changes in fair value of equity investments in the Statement of Comprehensive Income through the asset revaluation reserve, not to be reclassified to profit and loss, after deducting a provision for the potential deferred capital gains tax liability.

The Company holds call options. These derivative financial instruments are classified as financial assets at fair value through profit and loss, changes in the fair value of options are recognised in profit or loss for the year.

(iii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Gains or losses on long term equity investments are transferred from the asset revaluation reserve to the capital profits reserve.

(iv) Valuation

All investments are classified and measured as being at fair value, please refer to note 4 for more information on the Company's policy for measuring fair value.

(c) Revenue

(i) Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(ii) Dividend income

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

(d) Expenses

All expenses, including management fees, are recognised in the profit and loss on an accruals basis.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate, adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

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



Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office (ATO), are presented as operating cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk to changes in value.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables may include interest and dividends. Interest and dividends are accrued in accordance with the policy note set out in note 2(c) and note 2(b)(iv).

All receivables, unless otherwise stated are non interest bearing, unsecured and generally received in 30 days of being recorded as a receivable.

(i) Trade creditors and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the reporting date which was unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. Purchases of securities and investments that are unsettled at the reporting date are included in payables and are normally settled within 2 business days of trade dates.

(j) Share Capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of tax effects.

(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

It is the Boards' policy that all dividends paid will be franked to the maximum extent possible.

2. Summary of significant accounting policies (continued)

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and;
- the weighted average number of ordinary shares that would have been outstanding assuming the conversion of options.

(m) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar unless otherwise stated.

(n) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

3. Financial risk management

The Company's financial instruments consist of deposits with banks, listed and unlisted investments, trade and other receivables and trade and other payables. The main risks the Company is exposed to through its financial instruments are market risk - consisting of interest rate risk and other price risk - credit risk and liquidity risk.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Manager seeks to reduce market risk for the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily by the Investment Manager.

(i) Price risk

The Company is exposed to equities securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets held at fair value through equity reserves and financial liabilities at fair value through profit and loss.

The Company seeks to manage and constrain other price risk by diversification of the investment portfolio across multiple stocks and industry sectors. The portfolio is maintained by the Investment Manager within a range of parameters governing the levels of acceptable exposure to stocks and industry sectors. The relative weightings of the individual securities and relevant market sectors are reviewed on a daily basis such that risk can be managed by reducing exposure where necessary.



Notes to the Financial Statements (continued)

3. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The Company's industry sector weighting of investments including options as at 30 June 2018 and 30 June 2017 is listed below:

	2018 %	2017 %
Industry sector		
Financials	11.1	13.8
Materials	16.7	11.9
Health Care	10.6	10.2
Utilities	9.1	9.7
Consumer Discretionary	14.3	9.1
Industrials	5.8	8.1
Energy	6.9	6.7
Listed property trust	4.5	4.7
Consumer Staple	1.1	-
Information Technology	0.6	1.1
	80.7	75.3
Cash	19.3	24.7
	100.0	100.0

As at 30 June 2018, no individual securities (including options) represent over 5% of the long term investment portfolio.

Sensitivity analysis

A sensitivity analysis relating to price risk was performed on investments held by the Company at the end of the reporting period. This analysis demonstrates the effect on current year equity as a result from a reasonable possible change in the risk variable. The sensitivity assumes all other variables remain constant.

Investments represent 81% (2017: 75%) of gross assets at year end. The following table illustrates the effect on the Company's equity from possible changes in price risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 27.5% (2017: 30%).

	Impact on Total Comprehensive income	
	2018 \$	2017 \$
Increase 5%	10,267,980	9,060,561
Decrease 5%	(10,267,980)	(9,060,561)
Increase 10%	20,535,961	18,121,123
Decrease 10%	(20,535,961)	(18,121,123)

(ii) Cash flow and fair value interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Notes to the Financial Statements (continued)

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity dates.

	Floating interest rate \$	Non-interest bearing \$	Total \$
30 June 2018			
Financial Assets			
Cash and cash equivalents	55,310,602	-	55,310,602
Receivables	-	865,640	865,640
Long term equity investments	4,163,550	280,093,000	284,256,550
	59,474,152	280,958,640	340,432,792
Financial Liabilities			
Trade creditors and other payables	-	(1,558,248)	(1,558,248)
Financial liabilities held at fair value	-	(1,001,920)	(1,001,920)
	-	(2,560,168)	(2,560,168)
Net exposure to interest rate risk	59,474,152	278,398,472	337,872,624

	Floating interest rate \$	Non-interest bearing \$	Total \$
30 June 2017			
Financial Assets			
Cash and cash equivalents	75,657,537	-	75,657,537
Receivables	-	814,228	814,228
Long term equity investments	4,038,500	255,209,333	259,247,833
	79,696,037	256,023,561	335,719,598
Financial Liabilities			
Trade creditors and other payables	-	(2,359,882)	(2,359,882)
Financial liabilities held at fair value	-	(374,650)	(374,650)
	-	(2,734,532)	(2,734,532)
Net exposure to interest rate risk	79,696,037	253,289,029	332,985,066

Sensitivity analysis

At 30 June 2018, if interest rates had increased/decreased by 75 basis points (2017: 75 basis points) from the period end rates with all other variables held constant, post-tax profit for the period would have been \$347,388 (2017: \$253,465) higher/\$347,388 (2017: \$253,465) lower, mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.



Notes to the Financial Statements (continued)

3. Financial risk management (continued)

(b) Credit risk (continued)

The total credit risk for assets is therefore limited to the amount carried in the Statement of Financial Position.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating.

The Manager minimises the Company's concentration of credit risk by undertaking transactions in ASX listed securities with a large number of approved brokers. Payment is only made once a broker has received securities and delivery of securities only occurs once the broker received payment.

Cash

The majority of the Company's short term deposits are invested with financial institutions that have a Standard and Poor's AA or A1 credit rating. The majority of maturities are within three months.

The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2018 is 1.45% (2017: 1.45%).

Receivables

The majority of the Company's receivables arise from dividends and distributions yet to be received. None of these assets exposed to credit risk are overdue or considered to be impaired.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's cash receipts depend on the level of dividends and interest received and the exercise of options that may be on issue. The Company's cash payments are the purchase of securities, expenses paid and dividends that are paid to shareholders.

The Manager monitors the Company's cash flow requirements daily by reference to known purchase and sale of securities, dividends and interest received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Finally, the assets of the Company are largely in the form of tradable securities which can be sold on market if necessary.

The Company is not exposed to material liquidity risk.

4. Fair value measurement

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

- Long term equity investments
- Financial liabilities held for trading

Fair value hierarchy

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

Level 1 - measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability; and

Level 3 - measurements based on unobservable inputs from the asset or liability.



Notes to the Financial Statements (continued)

4. Fair value measurement (continued)

(i) Recurring fair value measurements

The following table presents the Company's assets measured and recognised at fair value as at 30 June 2018 and 30 June 2017.

As at 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Long term equity investments:				
Listed equities	249,810,000	-	-	249,810,000
Listed unit trusts	29,161,000	-	-	29,161,000
Floating rate notes	4,163,550	-	-	4,163,550
Unlisted equities	-	1,122,000	-	1,122,000
Total	283,134,550	1,122,000	-	284,256,550
Financial liabilities				
Financial liabilities held for trading:				
Options	1,001,920	-	-	1,001,920
Total	1,001,920	-	-	1,001,920
As at 30 June 2017				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Long term equity investments:				
Listed equities	228,362,790	-	-	228,362,790
Listed unit trusts	26,272,000	-	-	26,272,000
Floating rate notes	4,038,500	-	-	4,038,500
Unlisted equities	-	574,543	-	574,543
Total	258,673,290	574,543	-	259,247,833
Financial liabilities				
Financial liabilities held for trading:				
Options	374,650	-	-	374,650
Total	374,650	-	-	374,650

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the last close prices at the end of the reporting year.

The investments included in Level 2 of the hierarchy include amounts in relation to entitlement offers and placements to which the Company has subscribed to during the year. These investments have not listed on the Australian Securities Exchange as at year end and therefore represent investments in an inactive market. In valuing these unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of quoted prices for similar assets and the amount of securities subscribed for by the Company under the relevant offers.

During the year \$574,543 (2017: \$3,181,350) has been transferred from Level 2 to Level 1. There were no transfers in and out of Level 3.

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

Notes to the Financial Statements (continued)

4. Financial risk management (continued)

(ii) Disclosed fair values

The carrying amounts of receivables and payables other than tax items are reasonable approximations of their fair values due to their short-term nature.

5. Taxation

(a) Income tax expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	30 June 2018 \$	30 June 2017 \$
Prima Facie tax on profit from ordinary activities before income tax of 27.5% (2017: 30%)	3,206,136	2,766,646
Increase/(decrease) in income tax expense due to:		
Gross up of imputation credits received	913,088	783,474
Imputation credits on dividends received	(3,320,321)	(2,611,579)
Gross up of foreign income tax offsets	66,208	81,892
Foreign income tax offsets	(240,758)	(272,975)
(Over)/under provisions in previous year	(109,590)	(22,704)
	514,763	724,754
Tax expense composition:		
Current tax expense	297,326	436,847
Movement in deferred tax liabilities	72,337	41,356
Movement in deferred tax assets	224,493	258,988
(Over)/under provisions in previous year	(79,393)	(12,437)
	514,763	724,754
Effective tax rate is:	4.42%	7.86%
The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the current financial year.		

(b) Deferred tax assets

	30 June 2018 \$	30 June 2017 \$
This balance comprises temporary differences attributable to:		
Accruals	9,499	16,539
Share issue costs capitalised	330,573	548,026
	340,072	564,565
Movements		
Opening balance		
Share issue costs capitalised	564,565	540,750
Charged to statement of comprehensive income	-	282,803
The rate used at 30 June 2018 is 27.5% (30 June 2017: 27.5%)	(224,493)	(258,988)
	340,072	564,565



Notes to the Financial Statements (continued)

5. Taxation (continued)

(c) Current tax liabilities

	30 June 2018 \$	30 June 2017 \$
Balance at beginning of year	3,262,102	703,492
Current year income tax on operating profit	297,326	436,847
Realised capital gain	3,220,671	4,678,091
Net income tax paid	(3,574,444)	(2,545,194)
Over provisions in previous year	-	(11,134)
	3,205,655	3,262,102

(d) Deferred tax liabilities

	30 June 2018 \$	30 June 2017 \$
This balance comprises temporary differences attributable to:		
Fair value adjustment on equity investments	8,680,055	9,641,659
Revaluation of options	(58,248)	(9,866)
Income receivable not assessable for tax until receipt	36,336	26,123
Tax deferred distributable income	402,159	282,474
Prepayments	-	9,178
Other	-	(30,315)
	9,060,302	9,919,253
Movements		
Opening balance	9,919,253	7,933,898
Charged to statement of comprehensive income	72,337	(41,356)
Other	(931,288)	2,026,711
The rate used at 30 June 2018 is 27.5% (30 June 2017: 27.5%)	9,060,302	9,919,253

Notes to the Financial Statements (continued)

6. Cash and cash equivalents

	30 June 2018 \$	30 June 2017 \$
Cash at Bank	55,310,602	75,657,537
Total cash and cash equivalents	55,310,602	75,657,537

Reconciliation of operating profit after tax to cash inflows from operating activities

	30 June 2018 \$	30 June 2017 \$
Net profit after income tax	11,143,913	8,497,402
Changes in operating assets and liabilities		
Unrealised losses on options	175,934	22,017
(Increase)/Decrease in dividends/distributions receivable	(128,330)	230,474
Decrease in interest receivable	859	97,767
Decrease/(Increase) in other receivables	-	3,688
(Increase)/Decrease in prepayments	(22,355)	8,432
Increase/(Decrease) in sundry creditors and accruals	417,284	(112,517)
Decrease in deferred tax assets	224,493	258,988
Decrease in current tax provision	(3,356,510)	(2,119,112)
Increase in deferred tax liabilities	72,337	41,356
Net cash inflow from operating activities	8,527,625	6,928,495

7. Receivables

	30 June 2018 \$	30 June 2017 \$
Interest receivable	2,130	2,990
Dividends/distributions receivable	623,630	495,300
Other receivables	239,880	315,938
Total receivables	865,640	814,228

None of the receivables above are past the due date and are not impaired.

Notes to the Financial Statements (continued)

8. Long term equity investments

Financial assets held at fair value through other comprehensive income are all held as long term investments include the following:

	Fair value 30 June 2018 \$	Fair value 30 June 2017 \$
Listed equity securities	284,256,550	259,247,833

The fair value of investments is based on the fair value measurement hierarchy disclosed in note 4(i).

The total dividends received on these investments, included in the Statement of Comprehensive Income were:

	2018	2017
Dividend income:		
Listed equity securities held at year-end	7,641,395	7,724,872
Listed equity securities sold during the year	5,282,336	3,035,424
Total dividend	12,923,731	10,760,296

This is in line with AASB 7 11(A) (d) dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period.

During the year, the total fair value of investments sold in the normal course of the business and to preserve capital were:

Fair value at disposal date	2018	2017
Listed equity securities	73,606,880	72,846,961
Gain on disposal after tax		
Listed equity securities	7,957,295	10,617,101

This is in line with AASB 7 11(B) (c) the net gains/losses recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period.

9. Financial liabilities held at fair value

Financial liabilities held at fair value through profit or loss are held for trading and include the following:

	Fair value 30 June 2018 \$	Fair value 30 June 2017 \$
Exchange traded options	790,111	338,774
Exchange traded options revaluation	211,809	35,876
Total financial liabilities held at fair value	1,001,920	374,650



Notes to the Financial Statements (continued)

10. Trade creditors and other payables

	30 June 2018 \$	30 June 2017 \$
Payable - investment creditors	1,122,000	1,889,735
Payable - other expenses	436,248	470,147
Total trade creditors and other payables	1,558,248	2,359,882

11. Issued capital

(a) Share capital

	30 June 2018 Number of Shares	30 June 2018 Total amount \$	30 June 2017 Number of Shares	30 June 2017 Total amount \$
Fully paid ordinary shares	275,536,547	281,680,091	275,070,493	281,113,681

(b) Movements in ordinary share capital

2018

Date		Number of Shares	Issue Price* \$	Total amount \$
01/07/2017	Opening balance	275,070,493		281,113,681
	Ordinary Shares issued under dividend reinvestment plan - final 2017	213,177	\$1.29	274,241
	Ordinary Shares issued under dividend reinvestment plan - interim 2018	252,877	\$1.16	292,169
30/06/2018	Closing balance	275,536,547		281,680,091

2017

Date		Number of Shares	Issue Price* \$	Total amount \$
01/07/2016	Opening balance	221,388,859		216,339,116
	Ordinary Shares issued under dividend reinvestment plan - final 2016	119,889	\$1.21	145,705
	Ordinary Shares issued under dividend reinvestment plan 2017	151,656	\$1.24	187,756
	Ordinary Shares offered under Placement	28,688,524	\$1.22	34,999,999
	Ordinary Shares offered under Share Purchase Plan	20,183,778	\$1.22	24,624,868
	Ordinary Shares offered under shortfall	4,537,787	\$1.22	5,536,100
	Share issue cost	-		(719,863)
30/06/2017	Closing balance	275,070,493		281,113,681

* Rounded to two decimal places.

(c) Fully paid ordinary shares

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

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

Notes to the Financial Statements (continued)

11. Issued capital (continued)

(d) Capital management

The Company's objectives in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

12. Reserves

(a) Capital profits reserve

The capital profits reserve is made up of amounts transferred from the asset revaluation reserve for future dividend payments.

	30 June 2018 \$	30 June 2017 \$
Realised profit on sale of investments transferred to reserves	7,957,295	10,617,101
Movements:		
Opening balance	10,294,914	1,216,678
Gain on sale of equities	11,119,581	11,446,959
Loss on sale of equities	(3,162,286)	(829,858)
Dividends provided for or paid	(2,352,808)	(1,538,865)
Closing balance	15,899,401	10,294,914

(b) Profits reserve

The profits reserve is made up of amounts transferred from retained earnings for future dividend payments.

	30 June 2018 \$	30 June 2017 \$
Profits reserves	6,612,052	4,397,706
Movements:		
Opening balance	4,397,706	2,776,613
Transfer from retained earnings	11,143,913	8,497,402
Dividends provided for or paid	(8,929,567)	(6,876,309)
Closing balance	6,612,052	4,397,706



Notes to the Financial Statements (continued)

13. Earnings per share

	30 June 2018 cents	30 June 2017 cents
(a) Basic and diluted earnings per share		
Total earnings per share attributable to the ordinary equity holders of the Company	4.05	3.61
(b) Weighted average number of shares used as denominator.		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share is based on the average number of shares as at 30 June 2018 and 30 June 2017.	275,273,384	235,279,798

Diluted earnings per share and basic earnings per share are the same as there are no potential dilutive ordinary shares.

14. Dividends

(a) Dividends paid during the year

Dividends paid fully franked at 27.5% (2017: 30%) tax rate.

	30 June 2018 \$	30 June 2017 \$
Final dividend FY17: 2.0 cents per share fully franked paid 31 October 2017 (final dividend FY16: 1.8 cents)	5,501,410	3,984,999
Interim dividend FY18: 2.1 cents per share fully franked paid 4 April 2018 (interim dividend FY17: 2.0 cents per share fully franked)	5,780,957	4,430,175
	11,282,367	8,415,174

(b) Dividends not recognised at the end of the reporting period

	30 June 2018 \$	30 June 2017 \$
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 2.1 cents and a special dividend of 1.0 cent per fully paid ordinary share, fully franked based on tax paid at 27.5%. The aggregate amount of the proposed dividend expected to be paid on 31 October 2018 (2017: 31 October 2017) out of the profits of the Company at 30 June 2018 and 30 June 2017, but not recognised as a liability at year end is:	8,541,633	5,501,410

Notes to the Financial Statements (continued)

14. Dividends (continued)

(c) Dividends franking account

The fully franked final dividend to be paid on 31 October 2018 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in relation to the year ended 30 June 2018.

	30 June 2018 \$	30 June 2017 \$
Opening balance of franking account	1,674,953	124,683
Franking credits on dividends received	3,316,867	2,611,579
Tax paid during the period	3,574,444	2,545,194
Franking credits on ordinary dividends paid	(4,279,521)	(3,606,503)
Franking credits lost under 45-day rule	(2,438)	-
Closing balance of franking account	4,284,305	1,674,953
Adjustment for tax payable on the current period profits	3,205,655	3,262,102
Adjusted for dividends declared subsequent to reporting period 27.5% (2017: 27.5%)	(3,239,930)	(2,086,742)
Adjusted franking account balance	4,250,030	2,850,313

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

Under recent changes to the corporate tax legislation, the final dividend must be franked using the expected tax rate for 2018-19 of 27.5%.

15. Key management personnel disclosures

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

Peter McKillop	Independent Director (Chairman)
John McBain	Independent Director
Jennifer Horrigan	Independent Director
Anton Tagliaferro	Non-Independent Director
Simon Conn	Non-Independent Director



Notes to the Financial Statements (continued)

15. Key management personnel disclosures (continued)

(a) Remuneration

Detailed remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 16

	30 June 2018 \$	30 June 2017 \$
Short term employee benefits - Directors fees	69,794	63,926
Post employment benefits - Superannuation	30,206	36,074
	100,000	100,000

(b) Share and option holdings of Directors

The number of ordinary shares in the Company that were held during the financial year by each Director of the Company including their related parties, are set out below:

2018

Ordinary shares held

Directors	Balance as at 30 June 2017	Acquisitions	Disposals	Balance as at 30 June 2018
Peter McKillop	418,542	6,803	-	425,345
John McBain	206,247	7,015	-	213,262
Jennifer Horrigan	-	-	-	-
Anton Tagliaferro	5,710,000	90,000	1,200,000*	4,600,000
Simon Conn	150,000	-	-	150,000
	6,484,789	103,818	1,200,000	5,388,607

* Investors Mutual Limited initial capital contribution reduction

2017

Directors	Balance as at 30 June 2016	Acquisitions	Disposals	Balance as at 30 June 2017
Peter McKillop	400,000	18,542	-	418,542
John McBain	200,000	6,247	-	206,247
Jennifer Horrigan	-	-	-	-
Anton Tagliaferro	6,000,000	10,000	300,000*	5,710,000
Simon Conn	150,000	-	-	150,000
	6,750,000	34,789	300,000	6,484,789

* Investors Mutual Limited initial capital contribution reduction.

Options Held

2018

The directors did not hold or exercise any options during the current financial year.

2017

The directors did not hold or exercise any options during the current financial year.

Notes to the Financial Statements (continued)

16. Related party transactions

All transactions with related entities were made on commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Anton Tagliaferro is a Director and holds equity interest in Investors Mutual Limited (IML), the entity appointed to manage the investment portfolio of QV Equities Limited. In its capacity as Manager, IML was paid a management fee of 0.90% p.a. (plus GST) on the portfolio net asset value for the first \$150 million and then 0.75% (plus GST) thereafter, amounting to \$2,974,146 (2017: \$2,550,828) inclusive of GST. The amount expensed in the Statement of Comprehensive Income after allowing for the reduced input tax credit is \$2,771,364 (2017: 2,376,908). As at 30 June 2018, the balance payable to the Manager was \$249,642 (2017: \$246,307).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Simon Conn is a Portfolio Manager of the Manager and holds equity interests in the Manager.

17. Segment information

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

18. Contingencies and commitments

The Company had no contingent liabilities as at 30 June 2018 and 30 June 2017.

19. Events occurring after the reporting period

Since the end of the financial year, the Directors declared a fully franked final dividend of 2.1 cents and a special dividend of 1.0 cent per fully paid ordinary share both payable on 31 October 2018.

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

20. Remuneration of Auditors

	30 June 2018 \$	30 June 2017 \$
Audit and other assurance services:		
Audit and review of financial report	39,250	41,910
Non-assurance services:		
Tax services	9,600	15,180
	48,850	57,090

The Company's Audit Committee oversees the relationship with the Company's external auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and the scope of the other tax compliance services of the related entity of the audit firm, to ensure that they do not compromise independence.



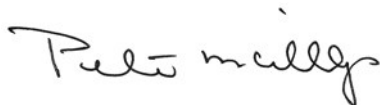
Directors' Declaration

In the Directors' opinion,

- (1) the financial statements and notes set out on pages 21 to 43 are in accordance with the *Corporations Act 2001* including:
 - (a) complying with the *Accounting Standards*, the *Corporations Regulations 2001* and any other mandatory professional reporting requirements; and
 - (b) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements; and
 - (c) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year end on that date.
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by S295A of the *Corporations Act 2001*.

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



Peter McKillop, Chairman

15 August 2018

```
add back the deselected mirror modifier object
```

```
active = modifier_ob  
ier_ob)) # modifier ob is the active ob
```

```
objects[0]  
select = 1
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ctly two objects, the last one gets the modifier unless its not
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ected object""
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Independent Auditor's Report to the Shareholders



**Independent Auditor's Report
to the Members of QV Equities Limited
A.B.N. 64 169 154 858**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of QV Equities Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In our opinion, the financial report of QV Equities Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. We have communicated the key audit matters to the Audit Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report to the Shareholders (continued)



Key audit matter	How our audit addressed the matter
<p>Measurement of Financial Instruments Refer to Note 4 Fair Value Measurement, Note 8: Long Term Equity Investments and Note 9: Financial Liabilities held at fair value</p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets and financial liabilities as they are its largest asset and liability and represent the most significant impact of the Company's net tangible assets and profits.</p> <p>The quantum of level 1 investments held inherently makes financial assets and financial liabilities a key audit matter.</p> <p>Therefore, we focused on whether the investments were owned by the Company and whether the financial assets and liabilities had been appropriately valued to market price in an active market at the period end.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Administrator; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate and where necessary performing additional procedures; ▪ Obtaining a confirmation of the investment holdings directly from the Custodian; ▪ Assessing the valuation of individual investment holdings to independent sources of information to determine an acceptable range of valuations of securities held at 30 June 2018, and compared this to the valuations recorded by the Company; ▪ Evaluating the accounting treatment of revaluations of financial instruments to ensure current /deferred tax and unrealised gains or losses arising from revaluations have been appropriately accounted for; ▪ Assessing the adequacy of disclosures in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 consistent 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.



Directors' Responsibility for the Financial Report

The Directors of QV Equities Limited are responsible for the preparation and fair presentation 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 controls as the Directors determine are necessary to enable the preparation of the financial report that 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 related 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 responsibility is to express an opinion on the financial report based on our audit. 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 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore 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 REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of QV Equities Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in black ink, appearing to read 'S M Whiddett'.

S M Whiddett
Partner

15 August 2018

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

Pitcher Partners
Sydney



Shareholder Information

The shareholder information set out below was applicable as at 30 June 2018.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below:

A. Long term equity investments

QV Equities Limited

Portfolio as at 30 June 2018

	2018		2017	
	Holding Units	Fair Value \$	Holding Units	Fair Value \$
Ordinary Shares, Trust Units or Stapled Securities				
Abacus Property Group	400,000	1,508,000	1,000,000	3,240,000
AGL Energy Limited	250,000	5,620,000	220,000	5,610,000
Amcor Limited*	1,000,000	14,410,000	650,000	10,536,500
Ansell Limited	300,000	8,157,000	440,000	10,441,200
AusNet Services Limited	2,500,000	4,012,500	4,000,000	6,940,000
ASX Limited*	50,000	3,219,500	140,000	7,505,400
Aurizon Holdings Limited*	1,600,000	6,928,000	1,200,000	6,432,000
BWP Trust	600,000	1,950,000	900,000	2,682,000
Bank of Queensland Limited	950,000	9,680,500	900,000	10,305,000
Cabcharge Australia Limited	1,600,000	3,840,000	1,500,000	3,795,000
Caltex Australia Limited	430,000	13,992,200	320,000	10,115,200
Charter Reit	700,000	2,933,000	-	-
Clearview Wealth Limited	1,350,000	1,566,000	1,200,000	1,740,000
Coca-cola Amatil	550,000	5,060,000	-	-
Contact Energy Limited	700,000	3,766,000	800,000	3,960,000
Crown Resorts Limited	1,000,000	13,500,000	-	-
Cybg PLC	2,400,000	13,512,000	2,250,000	10,597,500
Event Hospitality and Entertainment Ltd	350,000	4,686,500	280,000	3,743,600
Fairfax Media Limited	5,000,000	3,750,000	3,000,000	3,300,000
Fletcher Building Limited	2,000,000	12,740,000	1,400,000	10,654,000
Flight Centre Travel Group Limited	-	-	100,000	3,830,000
FlexiGroup Limited	-	-	1,200,000	2,190,000
Genesis Energy Limited	2,300,000	5,175,000	2,300,000	5,313,000
GWA Group Limited	2,000,000	6,800,000	2,500,000	7,875,000
Hotel Property Investments	1,000,000	3,160,000	1,100,000	3,300,000
Integrated Research Limited	-	-	450,000	1,449,000
Integral Diagnostics Limited	2,300,000	6,946,000	2,400,000	3,984,000
IPH Limited	500,000	2,225,000	-	-
Link Administration Holdings Limited	300,000	2,199,000	272,727	2,154,543
Mayne Pharma Group Limited	9,500,000	8,265,000	7,000,000	7,595,000
Mirvac Group	1,000,000	2,170,000	-	-
Myer Holdings Limited	5,000,000	1,850,000	4,200,000	3,507,000
MyState Limited	-	-	480,000	2,328,000
Pinnacle Investment Management Group Limited	-	-	900,000	2,610,000
Oil Search Limited	800,000	7,120,000	900,000	6,138,000

Shareholder Information (continued)

A. Long term equity investments (continued)

	2018		2017	
	Holding Units	Fair Value \$	Holding Units	Fair Value \$
Orica Limited*	650,000	11,537,500	450,000	9,306,000
Pact Group Holdings Ltd	2,750,000	14,492,500	1,800,000	10,782,000
Pro-Pac Packaging Limited	12,800,000	4,637,000	-	-
Ruralco Holdings Limited	1,600,000	4,912,000	1,445,000	4,262,750
Shopping Centres Australasia Property Group	2,000,000	4,900,000	3,000,000	6,570,000
Skycity Entertainment Group Limited	2,000,000	7,400,000	900,000	3,492,000
Sonic Healthcare Limited	560,000	13,736,800	500,000	12,110,000
Southern Cross Media Group Limited	5,000,000	6,550,000	4,500,000	5,602,500
Spark Infrastructure Group	5,500,000	12,540,000	4,000,000	10,480,000
Steadfast Group Limited	3,600,000	10,116,000	3,600,000	9,576,000
Trade Me Group Limited	-	-	400,000	2,024,000
Tox Free Solutions Limited	-	-	4,000,000	9,600,000
Tatts Group Limited	-	-	173,000	723,140
Tabcorp Holding Limited	500,000	2,230,000	-	-
Salmat Limited	-	-	2,000,000	770,000
Z Energy Limited	900,000	6,300,000	800,000	6,040,000
Floating Rate Notes	Holding Units	Fair Value \$	Holding Units	Fair Value \$
Crown Resorts Limited unsecured sub floating rate note	4,100,000	4,163,550	4,100,000	4,038,500
Total equities		284,256,550		259,247,833
Cash		55,310,602		75,657,537
Total Portfolio		339,567,152		334,905,370

* Part or all of the security was subject to call options written by the company.

There were 448 (2017: 461) investment transactions during the financial year. The total brokerage paid on these transactions was \$299,787 (2017: \$297,325).

B. Distribution of equity securities

Analysis of numbers of shareholders by size of holding as at 30 June 2018:

Holding	Class of equity security ordinary shares		
	No. of shareholders	Shares	Percentage
1 – 1,000	201	70,649	0.03
1,001 – 5,000	785	2,751,640	1.00
5,001 – 10,000	1,136	9,246,583	3.35
10,001 – 100,000	4,789	154,074,785	55.92
100,001 and over	297	109,392,890	39.70
	7,208	275,536,547	100.00

There were 116 holders of less than a marketable parcel of ordinary shares holding a total of 7,656 shares.



Shareholder Information (continued)

C. Equity security holders

Twenty largest shareholders - ordinary shares:

Name	Ordinary Shares	
	Percentage of Numbers Held	issued shares
Citicorp Nominees Pty Limited	17,857,029	6.48
Navigator Australia Ltd <MLC Investment Sett A/C>	8,143,462	2.96
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	8,079,173	2.93
HSBC Custody Nominees (Australia) Limited	3,154,982	1.15
Bennamon Pty Ltd	3,045,795	1.11
AKAT Investments Pty Ltd	2,500,000	0.91
Austair Pilots Pty Ltd <Aus Air Pilots Mutual f A/C>	2,460,441	0.89
ZEBPLAND Pty Ltd	2,000,000	0.73
Netwealth Investments Limited <Super Services A/C>	1,797,945	0.65
Australian Executor Trustees	1,437,964	0.52
Netwealth Investments Limited <Wrap Services A/C>	1,335,422	0.48
Citicorp Nominees Pty Limited <DPSL A/C>	1,054,065	0.38
Mr Christopher Peter Jones and Mrs Linda Jones <C&L Jones Super Fund A/C>	1,013,626	0.37
Australian Academy Of Science	1,000,000	0.36
Investors Mutual Ltd	1,000,000	0.36
IOOF Investment Management Ltd	909,688	0.33
Magnet Investments Pty Ltd	856,719	0.31
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	835,501	0.30
Beth Maclaren Smallwood Foundation P/L	800,000	0.29
Meroma Pty Limited	712,295	0.26

D. Substantial shareholders

There are currently no substantial shareholders of QV Equities Limited.



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```
elif _operation == "MIRROR_X":
    mirror_mod.use_x = True
    mirror_mod.use_y = False
    mirror_mod.use_z = False
elif _operation == "MIRROR_Y":
    mirror_mod.use_x = False
    mirror_mod.use_y = True
    mirror_mod.use_z = False
elif _operation == "MIRROR_Z":
    mirror_mod.use_x = False
    mirror_mod.use_y = False
    mirror_mod.use_z = True

#selection at the end, add pa
mirror_ob.select= 1
modifier_ob.select=1
bpy.context.scene.objects.active
print("Selected" + str(modifier_ob
    mirror_ob.select = 0
    name = bpy.context.selected_object
    ob = bpy.context.scene.objects[one.name]
except:
    print("please select exactly
    MIRROR CLASSES
class MirrorX(bpy.types.Operator):
    """This adds an X mirror to the selected
    ob_idname = "object.mirror_mirror_x"
    ob_label = "Mirror X"
    @classmethod
    def poll(cls, context):
        return context.active_object
```

QV Equities Limited

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