

# RYDER CAPITAL

ABN 74 606 695 854

## Annual report

For the year ended 30 June 2019

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

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# Ryder Capital Limited Annual Report For the year ended 30 June 2019

## Chairman's Letter to Shareholders

Dear fellow Shareholders,

In keeping with previous years, I would like to again take the opportunity to remind Shareholders of what we are setting out to achieve. Our aim is to provide you with a concentrated portfolio of securities that are undervalued and under appreciated by the market. We have no interest in building a portfolio that tracks commonly used benchmarks, but to instead, focus on investing in outstanding opportunities. We believe that our disciplined and patient approach will deliver strong absolute risk-adjusted returns over the long term, whilst preserving shareholder capital.

Ryder Capital Limited, (Ryder or Company) has had another successful year, its third full financial year since being established in September 2015. Portfolio performance remained positive but lower than the prior period resulting in total comprehensive income after tax decreasing to \$3,086,827 from \$10,801,804. Gross portfolio performance of 5.78%, fell short of the Company's performance benchmark and that of the Company's medium to longer term target after what was a more difficult year investing in smaller capitalised stocks. It is important to understand that our longer term investment return targets will from time to time be interrupted by periods of lower returns.

During the year, the Manager sold several long-term investments from the portfolio on valuation grounds, realising material gains which are reflected in the Company's distributable profits reserve increasing by \$8,040,054 from \$3,384,226 to \$11,424,280 or 19.23 cents per share.

At 30 June 2019 approximately 75.5% of the Company's capital was deployed in equities and 24.5% held in cash, term deposits or other liquid investments.

During the year, 22,511,173 of the Company's Initial Options (RYDO) were exercised at \$1.25 adding \$28,138,966 to the Company's capital. Balancing this the Company was able to buyback 3,312,297 ordinary shares for an outlay of \$3,996,449 equating to an average buyback price of \$1.2065 per share, providing both accretion to the Company's NTA and the dilutionary impact of option capital inflows. In accordance with the terms of the Company's 2015 Prospectus, the Company issued a total of 26,732,673 \$1.50 strike, December 2021 expiry Secondary Options (RYDOA) as a function of the exercise of the equivalent amount of RYDO Options during FY18 and FY19.

In reviewing the Company's investment performance for FY19, it is important to account for the material option dilution that occurred during the year, and as such we focus on measuring the Company's pre-tax undiluted NTA period to period, adjusted for dividends which resulted in a gain of 3.84%. This return and that of the Company's diluted pre-tax NTA together with a detailed portfolio disclosure, discussion, performance and risk analysis is presented in the Investment Manager's Report which I encourage you to read.

The Company's share price was unchanged during the year, closing at \$1.25. Inclusive of the \$0.03 fully franked dividends paid, resulted in a small return of 2.4%, compared to the undiluted pre-tax return of 3.84%.

It remains disappointing to me and your fellow Directors to see the share price trade at a consistent discount to NTA. I strongly believe that over time, the Company's discount to NTA will narrow as a consequence of medium term risk-adjusted outperformance of not only the Company's benchmarks, but also alternative managers and a more stable capital structure post the expiry of the Company's Initial Options (in December 2018). It is worth noting that the prospective exercise of Secondary Options (RYDOA) will have a substantially less dilutionary impact on the Company's expanded capital base and as such should be less of a drag on both NTA and share price performance in the coming years.

The Manager remains strongly aligned to perform in two ways. Firstly, through a performance incentive to increase the value of the Company's portfolio above an absolute return benchmark (RBA cash rate + 4.25%). For the year ended FY19, the Company's portfolio underperformed the performance benchmark, as a result the Manager did not receive a performance fee for the year. Importantly, the underperformance was marginal with an immaterial performance make up for FY20, thereby ensuring this important element of alignment remains in place. The second critical alignment measure is that both David and I are the largest shareholders in the Company, and larger than when we last reported to you having exercised Initial Options in the Company at \$1.25 during the year. This level of alignment ensures a continued, very high level of discipline in regard to the management of the portfolio, stock selection and the performance of both the Company and its share price.

The Company enters FY20 in a strong position with a portfolio of investments expected to perform well over the near and medium term. Cash and equivalents are currently at the higher end of our targeted weighting at approximately 24.5% providing the Manager substantial flexibility to capitalise on opportunities as they arise.

Following continued positive investment performance, large realised capital gains flowing through to the profits reserve together with a positive start and outlook to FY20, the Board declared a 3.0 cent fully franked final dividend (+50% on FY18), bringing the full year FY19 dividend to 5.0 cents per share fully franked.

The Annual General Meeting (AGM) will be held in Sydney on 22 October 2019 where the formal business of the Company will be conducted. At the AGM there will be an opportunity for Shareholders to ask questions regarding the investment portfolio, investment markets and the outlook for the Company at that time.

Finally, I would like to thank all Shareholders for their continued support, and I look forward to seeing you at our AGM.

Yours faithfully,

**Peter Constable**  
Chairman

# Ryder Capital Limited Annual Report For the year ended 30 June 2019

## Investment Manager's Report

For the year to 30 June 2019 (FY19) gross portfolio performance was a positive 5.78%. This return was achieved whilst holding an average cash balance of approximately 23.3%. It should be noted that these returns exclude the various costs associated with running and administering the Company, such as management and performance fees, ASX listing fees and other third-party expenses as stated in the Annual Report.

Set out in the table below is the Company's Gross Portfolio Performance and pre-tax undiluted net tangible assets (NTA) performance<sup>(3)</sup> to 30 June 2019 which takes into account the dilution of pre-tax NTA caused by the exercise of 22.5m options, net of capital bought back during the period via the Company's share buyback.

	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (% per annum)	Since Inception <sup>(2)</sup> (%)	Since Inception <sup>(2)</sup> (% per annum)
<b>Gross Portfolio Performance</b>	6.88	13.00	5.78	25.10	94.94	19.37
<b>NTA Return (Pre-tax Undiluted)<sup>(3)</sup></b>	6.55	12.14	3.84	19.78	68.78	14.89
<b>NTA Return (Pre Tax)<sup>(1)</sup></b>	6.72	12.31	-1.92	16.65	55.93	12.51
<b>Hurdle</b> RBA Cash Rate + 4.25% Return	1.39	2.79	5.73	5.75	23.87	5.84
<b>Excess Return</b> NTA Return (Pre-tax Undiluted) <sup>(3)</sup> - RBA Cash Rate + 4.25% <sup>(4)</sup>	5.17	9.35	-1.88	14.02	44.90	9.05

1. Unaudited investment performance less all costs of operating Ryder Capital Ltd including investment management and performance fees including the dilutionary impact of options exercised to date and ignoring the dilutionary impact of unexercised outstanding RYDOA options.

2. Inception Date is 22 September 2015.

3. Pre-tax NTA return adjusted for the dilution of the exercised 26.7m RYDO options.

4. Excess Return will be calculated with reference to undiluted NTA return as of February 2019 to better reflect underlying fund performance consistent with the Manager's performance measurement.

This report is focussed on portfolio performance, however it is important to reinforce that Shareholders should review performance at both the portfolio (Gross Portfolio Performance) and Company (pre-tax undiluted NTA return) levels adjusted for any dividends or other distributions for the Company during the reporting period.

As in previous years, we note that some of our peers continue to present "gross" portfolio returns for the purposes of measuring investment performance and in some cases further exaggerate these returns by grossing up for franked income received. We consider these practices to be misleading for the investor as they artificially inflate returns by excluding the fees and expenses incurred in achieving their returns and as such comparing them to ours is not meaningful.

We encourage Shareholders to focus on the net movement in Ryder's pre-tax undiluted NTA from period to period and compare those returns to that of cash and other relevant equity market indices as per below.

Annual Returns to 30 June 2019	1 year (%)	3 years (% per annum)	Since Inception <sup>(2)</sup> (% per annum)
<b>Ryder Capital - Gross Portfolio Performance</b>	5.78	25.10	19.37
<b>Ryder Capital (Pre-tax undiluted NTA)<sup>(3)</sup></b>	3.84	19.78	14.89
<b>Ryder Capital (Pre-tax NTA)<sup>(1)</sup></b>	-1.92	16.65	12.51
<b>S&amp;P / ASX All Ordinaries Accumulation</b>	11.04	12.62	12.33
<b>S&amp;P / ASX Small Ordinaries Accumulation</b>	1.92	10.66	13.60
<b>RBA Cash Rate</b>	1.48	1.50	1.59
<b>Ryder Capital Ltd Hurdle Rate</b>	5.73	5.75	5.84

Source: Bloomberg + Mainstream

1. Unaudited investment performance less all costs of operating Ryder Capital Ltd including investment management and performance fees including the dilutionary impact of options exercised to date and ignoring the dilutionary impact of unexercised outstanding RYDOA options.

2. Inception Date is 22 September 2015.

3. Pre-tax NTA return adjusted for the dilution of the exercised 26.7m RYDO options.

4. Excess Return will be calculated with reference to undiluted NTA return as of February 2019 to better reflect underlying fund performance consistent with the Manager's performance measurement

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**Investment Manager's Report**

**Portfolio – 30 June 2019**

Name	Ticker	Total Value (\$)	Total (%)
Updater Inc	UPD	9,621,292	10.76
SRG Global Ltd	SRG	8,696,380	9.73
Codan Ltd	CDA	6,565,375	7.35
NextDC Ltd	NXT	6,490,000	7.26
MacMahon Holdings Ltd	MAH	4,804,368	5.38
Tubi Ltd	2BE	4,725,000	5.29
Pacific Energy Ltd	PEA	4,393,417	4.92
Flexigroup Ltd	FXL	3,668,066	4.10
BCI Minerals Ltd	BCI	2,652,467	2.97
McPherson's Ltd	MCP	2,340,486	2.62
Comet Ridge Ltd	COI	2,260,536	2.53
Jupiter Mines Ltd	JMS	1,897,500	2.12
Matrix Composites & Engineering Ltd	MCE	1,755,323	1.96
Veem Ltd	VEE	1,131,872	1.27
Urbanise.com Ltd	UBN	1,089,489	1.22
Vita Group Ltd	VTG	950,062	1.06
Aurelia Metals Ltd	AMI	944,663	1.06
Capitol Health Ltd	CAJ	907,248	1.02
Ardent Leisure Group Ltd	ALG	810,629	0.91
Betmakers Technology Group Ltd	BET	722,551	0.81
Other Equities		1,080,031	1.21
<b>Total Equities</b>		<b>67,506,755</b>	<b>75.53</b>
<b>Cash and Term Deposits</b>		<b>21,871,808</b>	<b>24.47</b>
<b>Total Portfolio Pre Tax</b>		<b>89,378,563</b>	<b>100.00</b>

**Portfolio Performance**

Overall, gross portfolio performance for the period of 5.78% fell short of our performance hurdle and that of historical returns since inception. Capital gains and investment income were offset by material mark to market falls from our large exposure in key long-term holdings Updater Inc. and NextDC Ltd. Amplifying this performance drag has been our bias to a value approach of investing and subsequent lack of ownership of the much vaunted technology highflyers, growth and other large capitalised stocks that have collectively delivered much of the market's recent strong performance.

We have stuck to our knitting, maintaining relatively low portfolio turnover while adhering to our risk and return thresholds.

For FY19 the portfolio generated \$9,364,949 of capital gains (realised and unrealised) which were offset by capital losses (realised and unrealised) of \$5,887,337 resulting in a net capital gain before interest and dividend income of \$3,477,612 for the year.

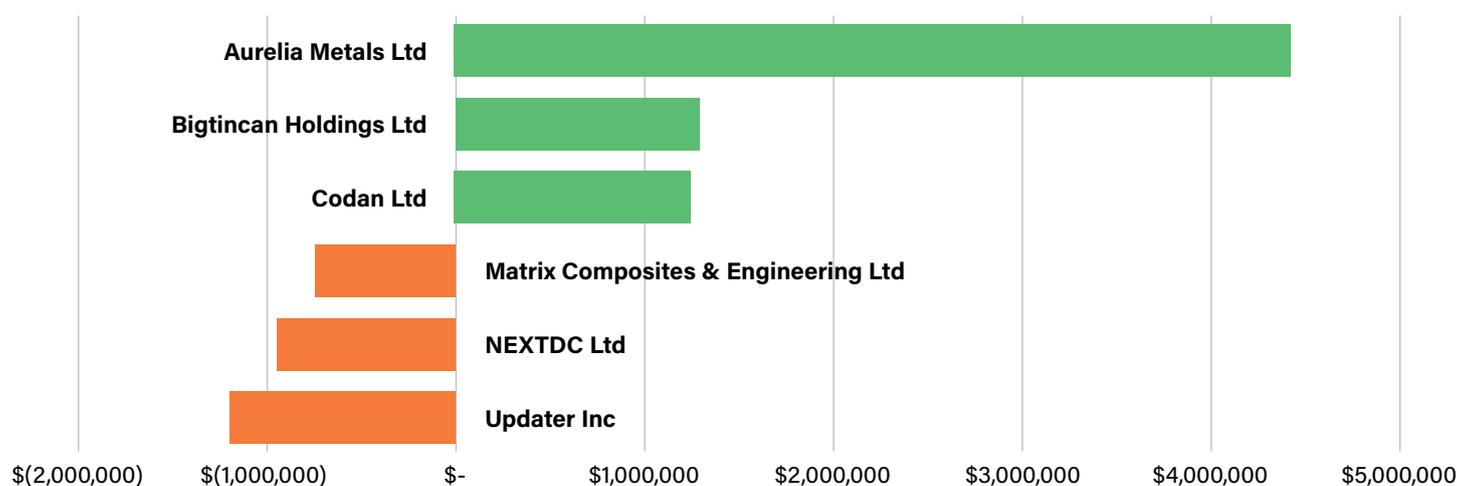
Dividend income received for FY19 was \$1,382,725 fully franked, while interest income received on term deposits and cash was \$356,647.

At 30 June 2019, approximately 75.5% of the Company's capital was in equities with approximately 24.5% held in cash, term deposits and net receivables.

# Ryder Capital Limited Annual Report For the year ended 30 June 2019

## Investment Manager's Report

### FY19 Top 3 Contributors and Detractors



The portfolios top three contributors to performance during the period came from Aurelia Metals Ltd, Bigtincan Holdings Ltd and Codan Ltd – all realised at the time of writing this report. The three largest detractors for the period came from Updater Inc, NextDC Ltd and Matrix Composites & Engineering Ltd – all are currently unrealised mark to market losses for the reporting period.

### Portfolio Activity

During the year we all but exited our largest investment in Aurelia Metals Ltd on valuation grounds, selling ~90% of our holding at prices averaging over \$0.90 per share, resulting in a material capital profit being realised. Our long held position in Codan Ltd which has performed well over many years of ownership recently reached a price that exceeded our valuation for this business and as such we have at the time of writing this report sold our holding, again realising a large capital profit. Finally, we sold out of our holding in sales enablement software business Bigtincan Holdings Ltd at prices averaging ~\$0.50 on both valuation grounds and a weakening conviction.

Additional exposure was acquired in Updater Inc (during the delisting period at prices around our carrying value of \$0.995 per CDI), SRG Global Ltd, Pacific Energy Ltd and NextDC Ltd, all on valuation grounds. New additions during the period were McMahan Holdings Ltd, McPhersons Ltd and Tubi Ltd.

### Portfolio Strike Rate

Shareholders will recall our interest in following Strike Rate analysis. In prior years we have presented a consistent yet somewhat imperfect analysis that looks at both realised and unrealised profits against realised and unrealised losses on the portfolio during a given period. Now, with the portfolio having completed its third full financial year and almost fourth year since inception and some of our longer-term positions being realised, we can revert to a more meaningful construct of this analysis on a cumulative, since inception realised profits only basis. This will now be the basis of all Strike Rate analysis in the future.

### Strike Rate Analysis - Inception to Date (30 June 2019)

Strike Rate Analysis	Portfolio
Gross Realised Portfolio Profits	\$22,152,257
Gross Realised Portfolio Losses	-\$4,533,123
Net Realised Portfolio Profit	\$17,619,134
Win/Loss	79.54%
Strike Rate	4.89

Note: ignores dividends, interest, taxes and expenses and relies on unaudited management analysis

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## Investment Manager's Report

Referring to the analysis above, the portfolio segment identifies the portfolio's gross realised profits since inception to 30 June 2019 of \$22,152,257 compared to the portfolio's gross realised losses since inception of (\$4,533,123). The net of these results is a net realised portfolio profit since inception of \$17,619,134.

Observing the above, we note that:

1. the net realised portfolio profit of \$17,619,134 is 79.54% of the gross realised portfolio profit of \$22,152,257, that is we retained ~79.54% of gains, or thinking of it as a decision ratio, our poor decisions eroded our successful decisions by approximately 20.46%; and
2. that total profits divided by total losses for the period (since inception to 30 June 2019) has been 4.89x, indicating that for every \$4.89 profit made, \$1.00 was lost.

### Risk Adjusted Returns & Relative NTA Performance

At the risk of stating the obvious, not all investment returns are equal - some returns are achieved by taking significantly greater or less risk than other returns. Our goal at Ryder is to achieve medium to long term returns above the Company's hurdle of RBA Cash rate + 4.25% while minimising risk. To measure this, we need to establish and analyse the relationship between risk and return.

Investment risk is commonly measured using the standard deviation of returns over time from the mean return of an asset or in our case Ryder's pre-tax undiluted NTA return. The higher the standard deviation (think volatility) the riskier the underlying investment and/or strategy. Having additional risk is of course acceptable, provided additional returns are earned to compensate for that additional risk, with the opposite relationship applicable for lower standard deviations requiring lower returns. Typically, the two travel together, that is risk and return correlate over time.

There are two commonly accepted ratios for analysing risk and return, the first being the Sharpe Ratio (excess return over a benchmark divided by standard deviation of return over time). Simply put excess return divided by volatility (standard deviation or risk). The Sharpe ratio measures excess return per unit of risk, including both downside and upside volatility. The second ratio is a variant on the Sharpe Ratio, called the Sortino Ratio which is similar to the Sharpe ratio except that it only looks at downside standard deviation, i.e. downside volatility with respect to a specified benchmark, the most commonly used being the cash rate. This would be the most appropriate measure to consider since upside volatility is what investors seek to target, i.e. positive returns and therefore upside volatility should not be taken into account the same way as downside volatility. The Sortino ratio measures excess return per unit of downside risk only, a greater amount of consistent positive monthly performance compared to negative performance over time will result in a higher Sortino ratio value.

The below table sets out Ryder's Sharpe and Sortino ratios and those of two ASX market indices for comparator purposes:

		Ryder	Small Ords Accumulation Index	All Ords Accumulation Index
<b>Sharpe ratio</b>	1 year	0.26	0.03	0.85
	2 years	1.22	0.90	1.18
	3 years	1.59	0.76	1.22
	ITD	1.22	0.99	1.12
<b>Sortino ratio</b>	1 year	0.40	0.04	1.25
	2 years	3.10	1.33	1.77
	3 years	4.31	1.16	1.96
	ITD	2.86	1.57	1.75

# Ryder Capital Limited Annual Report For the year ended 30 June 2019

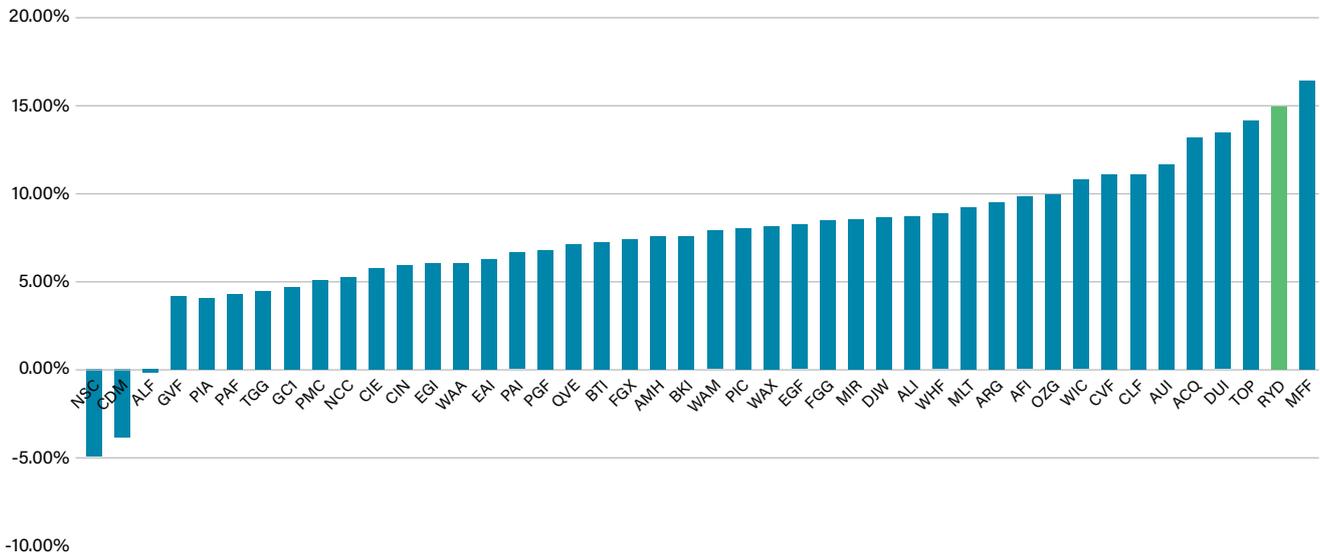
## Investment Manager's Report

Ryder's Sharpe and Sortino ratios demonstrate superior medium term risk adjusted investment returns than the comparator ASX market indices. Of particular note is our strong Sortino ratio which is logical given we have a value bias (stocks perform better in a negative market) and we consistently hold relatively large amounts of cash, dampening downside risk/volatility. In summary, the positive Sortino ratio above comparator demonstrates Ryder's ability to deliver outperformance with less risk.

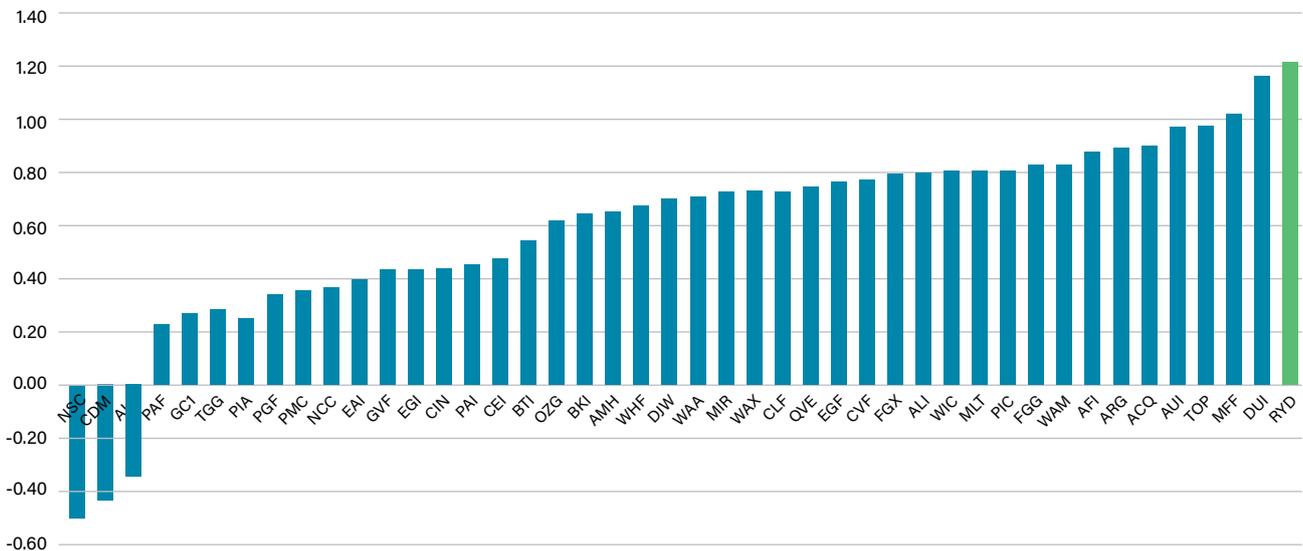
Further to the above, we have also taken the opportunity to illustrate how Ryder has performed on a pre-tax undiluted basis versus its peers (44 other ASX Listed Investment Companies (LIC) from the Macquarie Research and Morningstar universe). Note some funds have been excluded as the data does not allow for meaningful comparison due to factors such as period of operation (fund commenced after September 2015), fund strategy, fund size and data integrity. This analysis is a little imperfect as each fund pursues slightly different strategies, however the one common goal for each fund and manager is to generate the highest available return per unit of risk over time. As such, analysing each LIC's relative returns, Sharpe and Sortino ratios is instructive when reviewing absolute and comparative performance over time.

Set out below are Ryder's Since Inception (Sept 2015) to Date (ITD) returns, Sharpe and Sortino ratios in comparison to 44 other ASX LIC's (also using an inception date of September 2015).

**Total Return ITD (annualised)**



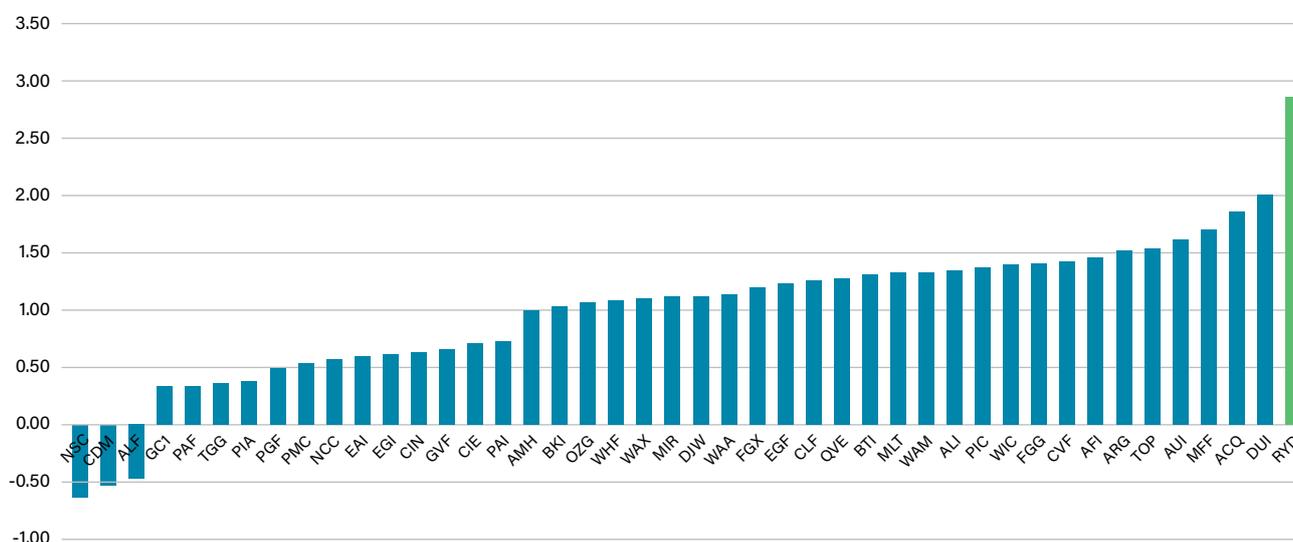
**ITD Sharpe ratio (1.5% benchmark)**



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## Investment Manager's Report

### ITD Sortino ratio (1.5% benchmark)



1. Total ITD returns are calculated during the period of 30 Sep 2015 to 30 June 2019 using monthly pre-tax NTA values including dividends (excluding franking) and adjusted for the dilutionary impact of options exercised resulting in an increase in issued capital by 5% or greater during the period
2. Funds included in this analysis are only a selection of Listed Investment Companies (LIC) on the ASX and are intended to form a representative sample of LICs based on strategy, size and past performance
3. Sharpe ratio is calculated as excess total ITD return (annualised) above the risk free rate (1.5% p.a.) divided by standard deviation of monthly returns (annualised)
4. Sortino ratio is calculated as excess total ITD return (annualised) above the risk free rate (1.5% p.a.) divided by downside deviation of monthly returns (annualised), using a benchmark of 1.5% p.a.

Ryder has performed both absolutely and relatively well, only bettered by the investment performance of MFF Capital Investments Ltd which has benefited from being predominately invested in US equities during a period of relative AU equity underperformance.

## Outlook

After a volatile period for equities late last calendar year in response to a tightening US monetary policy environment, markets are now grinding higher as the US Federal Reserve adjusts its outlook on further monetary tightening, indicating they now stand ready to ease policy if growth falters. This change in policy stance has driven global interest rates meaningfully lower, supporting equity market valuations and in some cases, inflating already overpriced assets further. However, more recently with the escalation in global geo political risk, in particular the US and China trade issues, we are of the opinion that we are pushing closer to a material negative market event, without line of sight of exactly how close we are, forming the basis of our increasingly cautionary stance.

Subject to markets not unravelling, together with the strong start in July we anticipate an improved year from the portfolio as a number of larger positions continue to make solid operational progress not yet reflected in their respective share price values while a number of newer positions have been acquired at what we assess as material discounts to their intrinsic worth.

Overall, we remain cautiously positioned, holding approximately 24.5% cash with a portfolio of sound value biased investments.

**Peter Constable**  
Chief Investment Officer / Portfolio Manager

**David Bottomley**  
Portfolio Manager

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**Directors' Report**

Your directors present their report on Ryder Capital Limited ("Company") for the year ended 30 June 2019.

**Information on directors**

The following persons were directors of the Company from registration date and up to the date of this report (unless otherwise indicated):

**Peter Constable - BEc                      Chairman**

**Experience and Expertise**

Peter has over 25 years' experience in both Australian and international equity capital markets. He holds a Bachelor of Economics from Macquarie University and has broad investment experience covering identification, evaluation, strategic analysis and management of capital.

Peter began his career in 1993 as a graduate funds manager with the United Bank of Kuwait, London. Peter established AM Constable Limited in 1999 which merged with MMC Asset Management Ltd in 2003 (MMC). In his capacity as Chief Investment Officer and Executive Director Peter was responsible for over \$500m of shareholder and third party capital invested in the Australian markets. Peter resigned in June 2008 as an Executive and as a Non-Executive Director of MMC Contrarian Ltd in August 2009.

Peter co-founded Ryder Investment Management in July 2008 where he is Chairman and Chief Investment Officer.

**Other Current Directorships**

Peter is not currently serving a directorship for any other listed companies.

**Former directorships in the last 3 years**

Nil.

**Special responsibilities**

Chairman of the Board, member of the Nomination and Corporate Governance Committee, member of the Audit and Risk Committee.

**Interests in shares and options**

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

**Interest in contracts**

Peter has no interests in contracts of the Company.

**David Bottomley - BA LLB (Hons) F Fin                      Director and Company Secretary**

**Experience and Expertise**

David has over 20 years' experience in company valuation and M&A and equity capital markets advisory. He holds a BA (Economic History) from Sydney University, LLB from Bond University and is a Fellow of the Financial Services Institute of Australasia.

David previously held executive positions at Kleinwort Benson (UK Corporate Finance division), Merrill Lynch & Co (London) investment banking division and was managing director, Australia of US investment bank GMCG, LLC from 2004 until June 2008.

David co-founded Ryder Investment Management in July 2008, where he is Portfolio Manager and Company Secretary.

**Other Current Directorships**

David is not currently serving a directorship for any other listed companies.

**Former directorships in the last 3 years**

Nil.

**Special responsibilities**

Member of the Nomination and Corporate Governance Committee, member of the Audit and Risk Committee.

**Interests in shares and options**

Details of David's interests in shares of the Company are included later in this report.

**Interest in contracts**

David has no interests in contracts of the Company.

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**Directors' Report**

**Ray Kellerman - BEc , LLB, MBA, F Fin**

**Non-Executive Director**

**Experience and Expertise**

Ray has over 30 years' of experience in the funds management and corporate and structured finance industries. Ray was with Perpetual Trustees Australia for 10 years before establishing his own compliance consulting and advisory business in 2001.

He currently acts as a director and audit, risk and compliance committee member for a number of major unlisted fund managers and financial institutions.

Ray is an owner and Executive Director of Quentin Ayers, an implemented asset consultant specialising in alternative private market investments.

**Other Current Directorships**

Other than acting as Chairman of Countplus Limited, Ray does not act as a director for any other listed companies.

**Former directorships in the last 3 years**

Nil.

**Special responsibilities**

Chair of the Nomination and Corporate Governance Committee, Chair of the Audit and Risk Committee.

**Interests in shares and options**

Details of Ray's interests in shares of the Company are included later in this report.

**Interest in contracts**

Ray has no interests in contracts of the Company.

**Attendance at Meetings**

**Board of Directors Meetings**

Director	Meetings Held and Entitled to Attend	Meetings Attended
Peter Constable	4	4
David Bottomley	4	4
Ray Kellerman	4	4

**Nomination and Corporate Governance Committee Meetings**

Director	Meetings Held and Entitled to Attend	Meetings Attended
Peter Constable	1	1
David Bottomley	1	1
Ray Kellerman	1	1

**Audit Committee Meetings**

Director	Meetings Held and Entitled to Attend	Meetings Attended
Peter Constable	3	3
David Bottomley	3	3
Ray Kellerman	3	3

**Principal Activity**

The principal activity of the Company during the year was investing in a concentrated portfolio of ASX and NZX listed micro and small capitalisation securities, bonds and cash consistent with the Company's permitted investments and stated investment objective of achieving long term growth in capital in excess of its benchmark (RBA cash rate plus 4.25% p.a.).

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**Directors' Report**

**Review of Operations**

The Company's opening Net Asset Value (NAV) on 30 June 2018 was \$57,406,933 and the closing NAV on 30 June 2019 was \$83,034,684 reflecting an increase in gross assets of \$25,627,751.

During the year 22,511,173 of the Company's Initial Options (RYDO) were exercised at \$1.25 per share adding \$28,138,966 to the Company's capital. Balancing this the Company was able to acquire 3,312,297 shares for an outlay of \$3,996,449 equating to an average buyback price of \$1.2065 per share, providing both accretion to the dilutionary option capital and the Company's NTA. Inclusive of the RYDO options exercised in FY18, the Company issued 26,732,673 \$1.50 strike December 2021 Secondary Options (RYDOA), consistent with the terms of the Company's 2015 Prospectus.

Net Tangible Assets (NTA) per share before tax decreased from 156.53 cents per share to 150.31 cents per share during the reporting period. Noting this decrease was after the payment of 3.0 cents per share fully franked and the dilutionary impact of the exercise of 22,511,173 \$1.25 RYDO options during the year. After adjusting for the exercise of 22,511,173 \$1.25 RYDO options during the year and dividends paid, the underlying pre-tax NTA rose by approximately 3.84%.

During the year, the Manager sold several long-term investments from the portfolio on valuation grounds, realising material gains which are reflected in the Company's distributable profits reserve increasing by \$8,040,054 from \$3,384,226 to \$11,424,280 or 19.23 cents per share.

At 30 June 2019 approximately 75.5% of the Company's capital was deployed in equities with approximately 24.5% held in cash, term deposits and net receivables.

The delisting of Updater Inc. (Updater) in October 2018 from the ASX to become an unlisted private Delaware incorporated company has resulted in the investment being reclassified as a level 3 investment under AASB 13 Fair Value Measurement which is defined as "measurements based on unobservable inputs from the asset or liability". As such the Auditor has provided a qualified audit opinion in relation to the investment in Updater. Specifically, the Auditor has sighted a lack of observable market or other data as at the date of this report, and therefore they were unable to satisfy by alternative means the carrying value of the Company's investment in Updater. As the valuation of investments is incorporated into the determination of the financial position of the Company, and as they were unable to determine whether adjustments might have been necessary to the investment value of Updater, the Auditor consequently was unable to determine whether adjustments were necessary to the current year's movement in fair value of investments recorded through other comprehensive income in the statement of profit or loss and other comprehensive income, and the fair value of investments recorded on the statement of financial position.

Directors remain of the opinion that until Updater completes a material capital raising at arm's length with a third party or parties (with or without a contingent buyback) the investment will be carried at the lower value of \$24.875 per Common Stock (equivalent to last traded ASX Chess Depository Interest (CDI) price of \$0.995). The current carrying value of the investment is \$9,621,292.

Directors have concluded that there is no observable reason or other reliable available information to adjust the carrying value of Updater and at the time of writing this report Updater was in the process of finalising a material capital raising that when completed will be used by Directors to determine the appropriate future carrying value of the Updater investment in the portfolio.

As of June 2019, the Manager determined that it was not in the interests of the Company to continue to give detailed monthly disclosure on investments and holdings movements, except where such disclosure was material or in the interests of the Company. As such, Directors have determined that the Company will provide a more extensive report from the Portfolio Manager including the investment holdings, investment performance, risk and associated commentary in this annual report.

**Dividends**

On 7 August 2018, the Directors declared a fully franked dividend of 2.00 cent per share paid on 19 October 2018 on ordinary shares as at record date 5 October 2018.

On 21 February 2019, the Directors declared a fully franked dividend of 1.00 cent per share paid on 25 March 2019 on ordinary shares as at record date 11 March 2019.

On 9 August 2019, the Directors declared a fully franked dividend of 3.0 cent per share which will be paid on 4 September 2019 on ordinary shares held as at record date 15 August 2019 (ex-dividend date of 14 August 2019).

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

**Directors' Report**

**Unissued shares**

Upon the exercise of an Initial Option, the Company issued holders a Secondary Option over one Share, with each Secondary Option exercisable at \$1.50 on or before 10 December 2021. As at the date of this report all Initial Options have been exercised or lapsed and consequently the Company has issued 26,732,673 Secondary Options.

Initial Option over unissued ordinary shares	-
Secondary Option over unissued ordinary shares	26,732,673

**Net Assets**

As at 30 June 2019 the net assets of the Company were \$83,034,685 (30 June 2018: \$57,406,933). Please refer to the Statement of Financial Position for further details.

**State of Affairs**

During the financial year there was no significant change in the state of affairs of the Company.

**Events Subsequent to Balance Date**

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

**Likely Developments**

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 12 August 2015. Please refer to the Chairman's and Investment Manager's Reports for further guidance.

**Insurance of officers**

During the financial year, the Company paid a premium for an insurance policy insuring all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

**Environmental Regulations**

The Company's operations are not subject to any significant environmental regulations.

**Rounding of amounts to nearest dollar**

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

# Ryder Capital Limited Annual Report For the year ended 30 June 2019

## Remuneration Report

This remuneration report sets out information about the remuneration of the Company's directors for the year ended 30 June 2019, under the requirements of Section 300A(1) of the *Corporations Act 2001*.

### Key management personnel

The directors and other key management personnel of the Company during the whole of the financial year, and up to the date of this report are (unless otherwise indicated):

Peter Constable - Chairman  
David Bottomley - Director and Company Secretary  
Ray Kellerman - Non-executive Director

### Directors' Remuneration

The Company has a Nomination and Corporate Governance Committee which reviews and advises the Board on the composition of the Board and its committees.

Directors' base fees are set out in the Constitution at an amount that must not be more in aggregate than the maximum amount approved by the Company in a general meeting.

Directors' remuneration received or receivable was as follows:

#### Year ended 30 June 2019

Director	Position	Short-term employee benefits Cash salary \$	Post-employment benefits Superannuation \$	Total \$
<b>Peter Constable</b>	Chairman	-	-	-
<b>David Bottomley</b>	Director	-	-	-
<b>Ray Kellerman<sup>1</sup></b>	Non-executive Director	31,963	3,615	35,578
		<b>31,963</b>	<b>3,615</b>	<b>35,578</b>

#### Year ended 30 June 2018

Director	Position	Short-term employee benefits Cash salary \$	Post-employment benefits Superannuation \$	Total \$
<b>Peter Constable</b>	Chairman	-	-	-
<b>David Bottomley</b>	Director	-	-	-
<b>Ray Kellerman<sup>1</sup></b>	Non-executive Director	27,397	2,603	30,000
		<b>27,397</b>	<b>2,603</b>	<b>30,000</b>

<sup>1</sup> Director fees (for the sole non-executive Director) total \$40,000 per annum including superannuation.

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

**Director Related Entity Remuneration**

The Company has outsourced its investment management function to Ryder Investment Management Pty Limited (the "Manager") a company controlled by Peter Constable and David Bottomley. The Manager is privately owned and was incorporated in November 2008.

**(a) Management fee**

The Manager is entitled to be paid a management fee equal to 1.25% p.a. (plus GST) of the Portfolio Net Asset Value. The management fee is paid monthly in arrears.

**(b) Performance fee**

The Manager is entitled to receive a performance fee of 20% (plus GST) of the outperformance of the Portfolio above the Benchmark. The Benchmark is the RBA Cash Rate plus 4.25%. The performance fee is accrued monthly but is not paid until the end of each 12 month period ending on 30 June (Performance Calculation Period).

Management and performance fees paid to the Manager during the year were as follows:

	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Management fees paid and payable during the year	1,080,946	773,639
Performance fees payable during the year	-	2,953,362
Management fees payable at year end	94,122	69,445

**Equity Instrument Disclosures Relating to Directors**

The relevant interests of the Directors and their related entities in the Securities of the Company were:

**Shares as at 30 June 2019**

Director	Balance at 30 June 2018	Acquisitions/ Options Exercised	Shares acquired/ (disposed)	Number of shares
Peter Constable <sup>1</sup>	5,378,500	3,062,500	-	8,441,000
David Bottomley <sup>1</sup>	2,145,000	1,130,000	(252,000)	3,023,000
Ray Kellerman	510,000	510,000	-	1,020,000
	<b>8,033,500</b>	<b>4,702,500</b>	<b>(252,000)</b>	<b>12,484,000</b>

**Options (RYDOA) as at 30 June 2019**

Director	Balance at 30 June 2018	Issued/Acquired	Lapsed/Exercised	Number of options
Peter Constable	400,000	3,062,500	-	3,462,500
David Bottomley	172,500	852,500	-	1,025,000
Ray Kellerman	-	510,000	-	510,000
	<b>572,500</b>	<b>4,425,000</b>	<b>-</b>	<b>4,997,500</b>

<sup>1</sup> As at the date of incorporation one share in the Company was held by Ryder Investment Management Pty Ltd, a company controlled by Peter Constable and David Bottomley.

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

**Options (RYDO) as at 30 June 2019**

Director	Balance at 30 June 2018	Issued/Acquired	Lapsed/Exercised	Number of options
Peter Constable	4,562,500	-	(4,562,500)	-
David Bottomley	1,795,000	-	(1,795,000)	-
Ray Kellerman	510,000	-	(510,000)	-
	<b>6,867,500</b>	<b>-</b>	<b>(6,867,500)</b>	<b>-</b>

**Shares as at 30 June 2018**

Director	Balance at 30 June 2017	Acquisitions/Options Exercised	Shares acquired/(disposed)	Number of shares
Peter Constable <sup>1</sup>	4,978,500	400,000	-	5,378,500
David Bottomley <sup>1</sup>	1,967,500	172,500	5,000	2,145,000
Ray Kellerman	510,000	-	-	510,000
	<b>7,456,000</b>	<b>572,500</b>	<b>5,000</b>	<b>8,033,500</b>

**Options (RYDOA) as at 30 June 2018**

Director	Balance at 30 June 2017	Issued/Acquired	Lapsed/Exercised	Number of options
Peter Constable	-	400,000	-	400,000
David Bottomley	-	172,500	-	172,500
Ray Kellerman	-	-	-	-
	<b>-</b>	<b>572,500</b>	<b>-</b>	<b>572,500</b>

**Options (RYDO) as at 30 June 2018**

Director	Balance at 30 June 2017	Issued/Acquired	Lapsed/Exercised	Number of options
Peter Constable	4,962,500	-	(400,000)	4,562,500
David Bottomley	1,967,500	-	(172,500)	1,795,000
Ray Kellerman	510,000	-	-	510,000
	<b>7,440,000</b>	<b>-</b>	<b>(572,500)</b>	<b>6,867,500</b>

<sup>1</sup> As at the date of incorporation one share in the Company was held by Ryder Investment Management Pty Ltd, a company controlled by Peter Constable and David Bottomley.

There is also a contingent second option available to directors which is under the same terms and conditions offered to all other option holders.

**End of remuneration report.**

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

**Proceedings on behalf of the Company**

There are no proceedings that the Directors have brought, or intervened in, on behalf of the Company.

**Non-Audit services**

The Board of Directors, in accordance with advice from the Audit and Risk 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 11 did not compromise the external auditor's independence for the following reasons:

(a) all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor;

(b) 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 16. Signed in accordance with a resolution of the directors.

**Peter Constable**

Chairman  
Ryder Capital Limited

Sydney, 27 August 2019

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**  
**Auditor's Independence Declaration**



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**Auditor's Independence Declaration**  
**To the Directors of Ryder Capital Limited**  
**ABN 74 606 695 854**

In relation to the independent audit of Ryder Capital Limited for the year ended 30 June 2019, 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.

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

**S M WHIDDETT**  
Partner

**PITCHER PARTNERS**  
Sydney

27 August 2019

Adelaide Brisbane Melbourne Newcastle Perth Sydney



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**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

Statement of Profit or Loss and Other Comprehensive Income			
	Note	Year ended 30 June 2019	Year ended 30 June 2018
<b>Investment Income</b>		<b>\$</b>	<b>\$</b>
Interest income		356,647	75,896
Dividend income net of franking credits		1,382,725	623,525
Net gain on net financial liabilities at fair value through profit or loss		1,035	126,984
Net foreign exchange realised loss		-	(70,505)
Other income		36,326	1,134
<b>Total investment income</b>		<b>1,776,733</b>	<b>757,034</b>
<b>Expenses</b>		<b>\$</b>	<b>\$</b>
Management fees	13	(1,007,245)	(720,891)
Directors' fees	13	(33,647)	(30,323)
Performance fees	13	-	(2,953,362)
Other operating expenses		(370,529)	(182,438)
<b>Total expenses</b>		<b>(1,411,421)</b>	<b>(3,887,014)</b>
<b>Profit/(loss) for the year before income tax expense</b>		<b>365,312</b>	<b>(3,129,980)</b>
Income tax benefit	4(a)	201,002	1,066,349
<b>Profit/(loss) for the year</b>		<b>566,314</b>	<b>(2,063,631)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Movement in fair value of long term equity investments, net of tax	10(d)	2,520,513	12,865,435
<b>Total comprehensive income for the year</b>		<b>3,086,827</b>	<b>10,801,804</b>
<b>Basic earnings/(losses) per share</b>	5	<b>1.06 cents</b>	<b>(5.61) cents</b>
<b>Diluted earnings/(losses) per share</b>	5	<b>1.06 cents</b>	<b>(5.61) cents</b>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.*

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

<b>Statement of Financial Position</b>			
	Note	As at 30 June 2019	As at 30 June 2018
<b>Assets</b>		<b>\$</b>	<b>\$</b>
<i>Current assets</i>			
Cash and cash equivalents	12(a)	22,525,023	11,572,347
Receivables	6	69,844	39,564
Current tax asset	4(c)	-	28,201
<b>Total current assets</b>		<b>22,594,867</b>	<b>11,640,112</b>
<i>Non-current assets</i>			
Long-term equity investments	7, 3	67,506,755	54,342,809
Deferred tax asset	4(d)	499,263	515,930
<b>Total non-current assets</b>		<b>68,006,018</b>	<b>54,858,739</b>
<b>Total assets</b>		<b>90,600,885</b>	<b>66,498,851</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Payables	8	823,457	3,040,321
Current tax liability	4(c)	3,150,713	-
<b>Total current liabilities</b>		<b>3,974,170</b>	<b>3,040,321</b>
<i>Non-current liabilities</i>			
Deferred tax liability	4(d)	3,592,031	6,051,597
<b>Total non-current liabilities</b>		<b>3,592,031</b>	<b>6,051,597</b>
<b>Total liabilities</b>		<b>7,566,201</b>	<b>9,091,918</b>
<b>Net assets</b>		<b>83,034,684</b>	<b>57,406,933</b>
<b>Equity</b>			
Issued capital	9(a)	65,050,053	40,904,728
Accumulated losses	10(a)	(2,876,206)	(2,836,231)
Capital profits reserve	10(c)	11,424,280	3,384,226
Asset revaluation reserve	10(d)	9,436,557	15,954,210
<b>Total equity</b>		<b>83,034,684</b>	<b>57,406,933</b>

The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements which follow.

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

Statement of Changes in Equity							
	Note	Issued capital	Retained earnings/ (losses)	Profits reserve	Capital profit reserve	Asset revaluation reserve	Total equity
		\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2017</b>		<b>36,594,817</b>	<b>(772,600)</b>	<b>121,720</b>	<b>1,944,229</b>	<b>4,773,152</b>	<b>42,661,318</b>
Loss for the year		-	(2,063,631)	-	-	-	(2,063,631)
Net revaluation of investments		-	-	-	-	12,865,435	12,865,435
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(2,063,631)</b>	<b>-</b>	<b>-</b>	<b>12,865,435</b>	<b>10,801,804</b>
<b>Other</b>							
Transfer of realised gains on sale of investments, net of tax	10(c)	-	-	-	1,684,377	(1,684,377)	-
		-	-	-	1,684,377	(1,684,377)	-
<b>Transactions with owners in their capacity as owners</b>							
Shares and options issued during the year	9(a)	5,276,875	-	-	-	-	5,276,875
Shares acquired under buy-back during the year	9(a)	(962,681)	-	-	-	-	(962,681)
Transactions costs on shares acquired under buy-back	9(a)	(1,981)	-	-	-	-	(1,981)
Income tax on transactions costs	9(a)	(2,302)	-	-	-	-	(2,302)
Dividends provided for or paid	10(b),(c)	-	-	(121,720)	(244,380)	-	(366,100)
		<b>4,309,911</b>	<b>-</b>	<b>(121,720)</b>	<b>(244,380)</b>	<b>-</b>	<b>3,943,811</b>
<b>Balance at 30 June 2018</b>		<b>40,904,728</b>	<b>(2,836,231)</b>	<b>-</b>	<b>3,384,226</b>	<b>15,954,210</b>	<b>57,406,933</b>
Profit for the year		-	566,314	-	-	-	566,314
Net revaluation of investments		-	-	-	-	2,520,513	2,520,513
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>566,314</b>	<b>-</b>	<b>-</b>	<b>2,520,513</b>	<b>3,086,827</b>
<b>Other</b>							
Transfer of realised gains on sale of investments, net of tax	10(c)	-	-	-	9,038,166	(9,038,166)	-
Transfer to profit reserve	10(a)	-	(606,289)	606,289	-	-	-
		-	(606,289)	606,289	9,038,166	(9,038,166)	-
<b>Transactions with owners in their capacity as owners</b>							
Shares and options issued during the year	9(a)	28,138,966	-	-	-	-	28,138,966
Shares acquired under buy-back during the year	9(a)	(3,987,676)	-	-	-	-	(3,987,676)
Transactions costs on shares acquired under buy-back	9(a)	(8,227)	-	-	-	-	(8,227)
Income tax on transactions costs	9(a)	2,262	-	-	-	-	2,262
Dividends provided for or paid	10(b),(c)	-	-	(606,289)	(998,112)	-	(1,604,401)
		<b>24,145,325</b>	<b>-</b>	<b>(606,289)</b>	<b>(998,112)</b>	<b>-</b>	<b>22,540,924</b>
<b>Balance at 30 June 2019</b>		<b>65,050,053</b>	<b>(2,876,206)</b>	<b>-</b>	<b>11,424,280</b>	<b>9,436,557</b>	<b>83,034,684</b>

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**

Statement of Cash Flows			
	Note	Year ended 30 June 2019	Year ended 30 June 2018
<b>Cash flows from operating activities</b>		<b>\$</b>	<b>\$</b>
Interest received		310,657	83,683
Dividends received		1,382,725	623,525
Management fees paid		(982,568)	(699,649)
Performance fees paid		(2,953,362)	(1,035,193)
Directors' fees paid		(41,147)	(35,879)
Other operating expenses paid		(354,819)	(269,944)
Other income received		36,326	1,134
Income tax paid		(19,040)	(508,634)
<b>Net cash used in operating activities</b>	12(b)	<b>(2,621,228)</b>	<b>(1,840,957)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		19,951,361	18,617,030
Payments for purchase of investments		(28,918,381)	(15,676,665)
<b>Net cash provided in investing activities</b>		<b>(8,967,020)</b>	<b>2,940,365</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(1,604,401)	(366,100)
Proceeds from shares issued		28,138,966	5,276,875
Payments for shares buy-back		(3,987,676)	(962,681)
Issue costs (paid)		(5,965)	(1,981)
<b>Net cash provided by financing activities</b>		<b>22,540,924</b>	<b>3,946,113</b>
Impact of exchange rate changes on cash and cash equivalents		-	4,469
<b>Net increase in cash held</b>		<b>10,952,676</b>	<b>5,049,990</b>
Cash and cash equivalents at beginning of the financial year		11,572,347	6,522,357
<b>Cash and cash equivalents at end of the financial year</b>	12(a)	<b>22,525,023</b>	<b>11,572,347</b>

*The above Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements which follow.*

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**  
**Notes to the Financial Statements**

**1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Ryder Capital Limited ("the Company") is a publicly listed company, incorporated and domiciled in Australia. The Company was incorporated with the Australian Securities and Investments Commission ("ASIC") on 26 June 2015. The registered office and principal place of business of the Company is Level 25, 88 Phillip Street, Sydney NSW 2000. The Company's principal activity is investing in a concentrated portfolio of ASX and NZX listed micro and small capitalisation securities, bonds and cash consistent with the Company's permitted investments and stated investment objective of achieving long term growth in capital and income.

Updater Inc. (ASX:UPD) delisted from the ASX in October 2018 and became a privately held Delaware incorporated company. In September 2018, the Board of Directors resolved to amend the Company's investment strategy to allow for continued ownership of Updater Inc. notwithstanding it being an unlisted Delaware incorporated company.

These general purpose financial statements are for the year ended 30 June 2019, and were authorised for issue by the Directors on 27 August 2019.

The material accounting policies adopted by the Company in the preparation of the financial statements is set out below:

**(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. For the purposes of preparing financial statements, the Company is a for-profit entity.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of selected assets and liabilities.

**(b) Statement of Compliance**

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

**(c) Investments**

**i) Recognition/derecognition**

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

**ii) Classification and Measurement**

The Company's investments are categorised as follows:

*Financial instruments held at fair value through profit or loss (short-term equity investments)*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

Derivative financial instruments such as options and forward contracts are included under this classification. The Company does not designate any derivatives as hedges in a hedging relationship.

*Financial instruments designated at fair value through other comprehensive income (long-term equity investments)*

Long-term equity investments are recognised initially at cost and the Company elects to present subsequent changes in the fair value of the investments in the Statement of Other Comprehensive Income.

Long term equity investments comprise holdings in marketable equity securities which are intended to be held for the long term.

**iii) Fair Value**

The Company determines the fair value of listed investments at the last quoted price. The fair value of investments that are not traded in an active market are determined using valuation techniques. These include the use of arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

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**1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Investments (continued)**

**iv) Impairment of financial assets**

The Company assesses whether the credit risk on a financial asset has increased significantly based on the change in the risk of default since initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Such information includes:

- contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that indicates otherwise;

The Company considers the following to represent default events for the purpose of measuring expected credit losses:

- contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that indicates a more lagging default criterion is more appropriate;

The foregoing indicators of default have been selected based on the Company's historical experience.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

**(ii) Transactions and balances**

Transactions during the period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains on investments.

**(e) Income tax**

The charge for current income tax expense is based on the taxable income for the period. It is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred taxes are recognised in profit or loss except where they relate to items that may be recognised directly in equity, such as unrealised gains and losses on long-term equity, in which case they are adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

**(f) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as being part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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**1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Income**

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

Interest revenue is recognised as it accrues using the effective interest method, taking into account the effective yield on the financial asset.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. This may also include foreign exchange gains and losses when applicable.

**(h) 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 and which are subject to an insignificant risk of changes in value.

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

**(i) Receivables**

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

Receivables are reviewed at the end of each reporting period to determine the need to raise a loss allowance for expected credit losses. To measure the expected credit losses, review is undertaken of the nature of the receivables, days overdue and any expected impacts of future economic conditions.

**(j) Payables**

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Amounts payable for securities purchased are recorded when the purchase has occurred.

**(k) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(l) Earnings per share**

**i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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 period.

**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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

**(m) Dividends**

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

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**1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 1(c) to these financial statements.

**(o) New and amended standards adopted by the Company**

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to make retrospective adjustments as a result of adopting these standards.

- AASB 9: *Financial Instruments* (effective 1 July 2018)

AASB 9 contains requirements in relation to the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets are replaced with three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. Financial assets can only be measured at amortised cost where very specific conditions are met.

AASB 9 introduces new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged, and disclosures.

There was no impact on the Company upon adoption of AASB 9 as the Company currently classifies financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Company does not apply hedge accounting.

AASB 9 also introduces a new impairment model. The Company's receivables include dividend and settlement of share trade. As the settlement period is short, the change in impairment rules did not have a material impact.

-AASB 15: *Revenue From Contracts With Customers* (effective 1 July 2018)

AASB 15 superseded AASB 18 *Revenue* and AASB 111 *Construction Contracts*. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaces the existing notion of risk and rewards.

There was no impact on the Company upon the adoption of AASB 15 as the Company's revenue recognition of interest, dividends, investment gains/(losses) and foreign exchange gains/(losses) were unaffected as these items are excluded from the scope of AASB 15.

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

**(p) New accounting standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

**(q) Rounding of amounts to nearest dollar**

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

**2. FINANCIAL RISK MANAGEMENT**

**(a) Objectives, strategies, policies and processes**

The objective of the Company is to achieve long term growth in capital and income through investments in a concentrated portfolio of ASX and NZX listed micro and small capitalisation securities, bonds and cash consistent with the Company's permitted investments. The Company is managed from an Australian investor's perspective with tax and currency exposures forming important considerations in the daily management of the Company, whilst complying with the Company's Prospectus dated 12 August 2015. Financial risk management is carried out by the Investment Manager under the guidance of its Chief Investment Officer.

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**2. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Objectives, strategies, policies and processes**

The Company's activities are exposed to different types of financial risks. These risks include market risk (including currency risk, and price risk), being the primary risk, and credit risk. The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks.

**(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.

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 most 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 credit rating of AA-. The majority of maturities are within three months. The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2019 is 1.71%, (2018: 1.56%).

*Receivables*

The majority of the Company's receivables arise from interest 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 the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

*Maturity analysis for financial liabilities*

The table in the succeeding page analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Total
<b>As at 30 June 2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	99,943	-	-	-	99,943
Due to brokers - payable for securities purchased	723,514	-	-	-	723,514
<b>Total Financial Liabilities</b>	<b>823,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>823,457</b>
<b>As at 30 June 2018</b>					
Trade and other payables	3,036,128	-	-	-	3,036,128
Due to brokers - payable for securities purchased	4,193	-	-	-	4,193
<b>Total Financial Liabilities</b>	<b>3,040,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,040,321</b>

**(d) Market risk**

Market risk represents 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 tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free. The market prices of these securities can and do fluctuate in accordance with multiple factors.

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**2. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Market risk (continued)**

The Company seeks to reduce market risk by investing in equity securities where there is a significant 'margin of safety' between the underlying companies' value and share price. The Company has set parameters as to a maximum amount of the portfolio that can be invested in a single company or sector as prescribed in the Prospectus.

**(i) 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 on page 27.

Interest rate risk is actively managed by the Investment Manager. The majority of the Company's interest bearing assets are held with reputable banks to ensure the Company obtains competitive rates of return while providing sufficient liquidity to meet cash flow requirements.

The table below summarises the Company's exposure to interest rates risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity date.

	Weighted Average Effective Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate	Total
<b>As at 30 June 2019</b>	%	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	1.71	22,525,023	-	-	22,525,023
Trade and other receivables		-	69,844	-	69,844
Current tax asset		-	-	-	-
<i>Long-term equity investments:</i>					
Listed equities		-	57,885,463	-	57,885,463
Unlisted equities		-	9,621,292	-	9,621,292
<b>Total Financial Assets</b>		<b>22,525,023</b>	<b>67,576,599</b>	<b>-</b>	<b>90,101,622</b>
<b>Financial Liabilities</b>					
Trade and other payables		-	823,457	-	823,457
<b>Total Financial Liabilities</b>		<b>-</b>	<b>823,457</b>	<b>-</b>	<b>823,457</b>
<b>As at 30 June 2018</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1.56	11,572,347	-	-	11,572,347
Trade and other receivables		-	39,564	-	39,564
Current tax asset		-	28,201	-	28,201
<i>Long-term equity investments:</i>					
Listed equities		-	54,342,809	-	54,342,809
<b>Total Financial Assets</b>		<b>11,572,347</b>	<b>54,410,574</b>	<b>-</b>	<b>65,982,921</b>
<b>Financial Liabilities</b>					
Trade and other payables		-	3,040,321	-	3,040,321
<b>Total Financial Liabilities</b>		<b>-</b>	<b>3,040,321</b>	<b>-</b>	<b>3,040,321</b>

**(ii) Other Price Risk**

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

**(iii) Foreign currency risk**

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

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**2. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Market risk (continued)**

**(iii) Foreign currency risk (continued)**

The Company holds assets denominated in currencies other than the Australian dollar (being the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates.

The Company may enter into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities.

**(iv) Sensitivity analysis**

The following tables show the sensitivity of the Company's operating profit/other comprehensive income and equity to price risk, interest rate risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the securities in which the Company invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk Impact on other comprehensive income		Income rate risk Impact on other comprehensive income		Foreign exchange risk Impact on other comprehensive income	
<b>30 June 2019</b>	<b>-10%</b> (6,750,676)	<b>+10%</b> 6,750,676	<b>-100 bps</b> -	<b>+100 bps</b> -	<b>-10%</b> -	<b>+10%</b> -
<b>30 June 2018</b>	<b>-10%</b> (5,434,281)	<b>+10%</b> 5,434,281	<b>-100 bps</b> -	<b>+100 bps</b> -	<b>-10%</b> -	<b>+10%</b> -

	Price risk Impact on operating profit/(loss)		Income rate risk Impact on operating profit/(loss)		Foreign exchange risk Impact on operating profit/(loss)	
<b>30 June 2019</b>	<b>-10%</b> -	<b>+10%</b> -	<b>-100 bps</b> (3,962)	<b>+100 bps</b> 3,962	<b>-10%</b> -	<b>+10%</b> -
<b>30 June 2018</b>	<b>-10%</b> -	<b>+10%</b> -	<b>-100 bps</b> (914)	<b>+100 bps</b> 914	<b>-10%</b> -	<b>+10%</b> -

**3. FAIR VALUE MEASUREMENT**

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

- Long term equity investments

**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.

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**3. FAIR VALUE MEASUREMENT (continued)**

**(a) Recognised fair value measurements**

The following table presents the Company's assets measured and recognised at fair value as at 30 June 2019 and 30 June 2018.

At 30 June 2019				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
<i>Long-term equity investments</i>				
Listed investments	57,885,463	-	9,621,292	67,506,755
<b>Total financial assets</b>	<b>57,885,463</b>	<b>-</b>	<b>9,621,292</b>	<b>67,506,755</b>

At 30 June 2018				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
<i>Long-term equity investments</i>				
Listed investments	54,342,809	-	-	54,342,809
<b>Total financial assets</b>	<b>54,342,809</b>	<b>-</b>	<b>-</b>	<b>54,342,809</b>

**(b) Transfer between levels**

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

The following table presents the transfers between levels at the end of the reporting period.

As at 30 June 2019				
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Transfer between levels 1 and 3				
Listed investments	(9,621,292)	-	9,621,292	

As at 30 June 2018				
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Transfer between levels 1 and 3				
Listed investments	-	-	-	-

At the end of the current reporting period, management have transferred part of the Company's investments in listed equities from level 1 to level 3 on the fair value hierarchy on the basis that security of Updater Inc. (ASX: UPD) was removed from official list of ASX Limited on the 10 October 2018 and became an unlisted Delaware incorporated Company. There were no other transfers between levels in the fair value hierarchy at the end of the reporting period.

**(c) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the movement in level 3 instruments for the year ended 30 June 2019 by class of financial instrument.

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**3. FAIR VALUE MEASUREMENT (continued)**

**(c) Fair value measurements using significant unobservable inputs (level 3) (continued)**

	Listed investments	Total
	\$	\$
<b>Opening balance - 1 July 2018</b>	-	-
Transfer into level 3	9,621,292	9,621,292
<b>Closing balance - 30 June 2019</b>	<b>9,621,292</b>	<b>9,621,292</b>

**(i) Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

Description As at 30 June 2019	Fair value \$	Unobservable inputs	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
Updater Inc.	9,621,292	Last trade price	N/A	N/A

Updater Inc. (Updater) an unlisted Delaware incorporated company is carried at a value of \$24.875 per Common Stock. This is the equivalent value of \$0.995 per Chess Depository Interest (CDI) which was the last traded ASX price (8 October 2018) for Updater CDIs prior to the delisting and stock consolidation at a ratio of 25:1 (CDI to Common Stock). This value compares to the last transacted price of \$1.25 per CDI (\$31.25 Common Stock equivalent) relating to the Updater buyback which was completed on 16 October 2018. Directors have determined that until Updater conducts a material capital raising at arm's length with a third party (with or without a contingent buyback) the investment will be carried at the lower value of \$24.875 per Common Stock. The Company notes that CDIs and CDI pricing are no longer relevant and as such all future references to Updater will be to its Common Stock.

Directors remain of the opinion that until Updater conducts a material capital raising at arm's length with a third party (with or without a contingent buyback) the investment will be carried at the lower value of \$24.875 per Common Stock (equivalent to last traded ASX Chess Depository Interest (CDI) price of \$0.995).

Directors have concluded that there is no observable reason or other reliable available information to adjust the carrying value of Updater and at the time of writing this report Updater was in the process of finalising a material capital raising that when completed will be used by Directors to determine the appropriate future carrying value of the Updater investment in the portfolio.

**(ii) Valuation processes**

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

**(d) Fair value of financial instruments not carried at fair value**

The carrying value of trade receivables and trade payables approximate their fair value because of the short-term nature of the instruments and low credit risk.

**4. TAXATION**

	30 June 2019	30 June 2018
	\$	\$
<b>(a) Numerical reconciliation of income tax benefit</b>		
Prima facie tax payable/(benefit) on profit before income tax at 27.5% (2018: 27.5%)	100,461	(860,745)
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Imputation gross up on dividends received	114,348	73,487
Franking credits on dividends received	(415,811)	(267,225)
Prior year over provision	-	(11,866)
<b>Income tax benefit</b>	<b>(201,002)</b>	<b>(1,066,349)</b>

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**4. TAXATION (continued)**

	As at 30 June 2019	As at 30 June 2018
<b>(a) Numerical reconciliation of income tax benefit (continued)</b>		
Applicable weighted average effective tax rate	55%	(34%)
	\$	\$
The income tax benefit results in a:		
Current tax asset	(266,134)	(611,745)
Current tax liability	(12,647)	2,141
Deferred tax liability	14,405	(442,605)
Deferred tax asset	63,375	(14,140)
<b>Income tax benefit</b>	<b>(201,002)</b>	<b>(1,066,349)</b>
<b>(b) Amounts recognised directly in equity</b>		
Aggregate deferred tax arising in the reporting period and not recognised in profit or loss or other comprehensive income but debited or credited directly to equity.		
Transition costs on equity issue	(2,262)	(545)
Unrealised gains on long term equity investments	(3,579,384)	(6,051,597)
Realised gains on long term equity investments	(3,428,270)	(568,923)
<b>Net deferred tax - debited directly to equity</b>	<b>(7,009,916)</b>	<b>(6,621,065)</b>
<b>(c) Movement in current tax liability/(assets)</b>		
<i>Opening balance</i>	(28,201)	288,074
2017 Balancing adjustment	-	3,732
Income tax refund/(payment)	16,778	(277,184)
Charged / (credited) to profit or loss		
to profit or loss	(266,134)	(611,745)
directly to equity	3,428,270	568,923
<b>Closing balance</b>	<b>3,150,713</b>	<b>(28,201)</b>
<b>(d) Net deferred tax liabilities</b>		
<i>Deferred tax liabilities</i>		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 27.5% (2018: 27.5%) on the following items:		
Tax on unrealised gains on investment portfolio	3,579,384	6,051,597
Accrued interest	12,647	-
	<b>3,592,031</b>	<b>6,051,597</b>
<b>Movements:</b>		
Opening balance	6,051,597	1,812,647
Charged / (credited)		
to profit or loss	12,647	(2,141)
directly to equity	(2,472,213)	4,241,091
<b>Closing balance</b>	<b>3,592,031</b>	<b>6,051,597</b>

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**4. TAXATION (continued)**

	As at 30 June 2019	As at 30 June 2018
	\$	\$
<b>(d) Net deferred tax liabilities (continued)</b>		
<i>Net deferred tax assets</i>		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 27.5% (2018: 27.5%) on the following items:		
Transition costs on equity issue	116,871	114,609
Reduction in transition costs on equity issue	(87,478)	(68,549)
Tax losses	469,870	469,870
<b>Net deferred tax assets</b>	<b>499,263</b>	<b>515,930</b>
<i>Movements:</i>		
Opening balance	515,930	91,461
Charged / (credited)		
to profit or loss	(14,405)	442,605
directly to equity	(2,262)	(18,136)
<b>Closing balance</b>	<b>499,263</b>	<b>515,930</b>

**5. EARNINGS PER SHARE**

	30 June 2019	30 June 2018
	\$	\$
<b>Basic earnings/(losses) per share</b>	<b>1.06 cents</b>	<b>(5.61) cents</b>
<b>Diluted earnings/(losses) per share</b>	<b>1.06 cents</b>	<b>(5.61) cents</b>
Earnings/(losses) used in calculating basic earnings/(losses) per share	566,314	(2,063,631)
Earnings/(losses) used in calculating diluted earnings/(losses) per share	566,314	(2,063,631)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	53,381,128	36,769,861
Weighted average number of shares used in the calculation of diluted earnings per share	53,381,128	36,769,861

The weighted average number of shares used as a denominator in calculating basic and diluted earnings per share is based on the weighted average number of shares 1 July 2018 to 30 June 2019.

**6. RECEIVABLES**

	As at 30 June 2019	As at 30 June 2018
	\$	\$
Interest receivable	45,990	-
GST receivable	23,854	39,564
	<b>69,844</b>	<b>39,564</b>

**Terms and conditions**

GST receivable can be recovered from the Australian Tax Office. No interest is applicable to any of these amounts. The maximum credit risk exposure in relation to receivables is the carrying amount.

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**7. INVESTMENTS**

	As at 30 June 2019	As at 30 June 2018
	\$	\$
<i>Financial assets designated at fair value through other comprehensive income</i>		
Listed equities	57,885,463	54,342,809
Unlisted equities	9,621,292	-
<b>Total financial assets designated at fair value through other comprehensive income</b>	<b>67,506,755</b>	<b>54,342,809</b>
<b>Total financial assets</b>	<b>67,506,755</b>	<b>54,342,809</b>

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

	30 June 2019	30 June 2018
	\$	\$
Dividend income:		
Listed equity securities held at year-end	1,581,257	825,422
Listed equity securities sold during the year	217,279	65,328

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

	30 June 2019	30 June 2018
	\$	\$
Fair value at disposal date		
Listed equity securities	57,885,463	54,342,809
Unlisted equity securities	9,621,292	-
Gain on disposal after tax		
Listed equity securities	8,414,843	1,697,066

**8. PAYABLES**

	As at 30 June 2019	As at 30 June 2018
	\$	\$
Management fees payable	94,122	69,445
Performance fees payable	-	2,953,362
Directors fees payable	1,821	9,321
Other payable	4,000	4,000
Due to brokers - payable for securities purchased	723,514	4,193
	<b>823,457</b>	<b>3,040,321</b>

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**9. ISSUED CAPITAL**

*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.

*Capital risk management*

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors monitor the monthly NTA results, investment performance and share price movements. The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

*Options*

22,511,173 ordinary shares in the Company and 26,732,673 secondary options were issued during the year following the exercise of the same number of initial options at an exercise price of \$1.25 per option. The initial options expired on 10 December 2018. The Company has 26,732,673 secondary options on issue exercisable at \$1.50 on or before 10 December 2021.

	30 June 2019		30 June 2018	
	Units	\$	Units	\$
<b>(a) Movements in ordinary share capital</b>				
Opening balance	40,197,445	40,904,728	36,812,934	36,594,817
Shares buy-back	(3,312,297)	24,151,290	(836,989)	(962,681)
Transactions costs on shares acquired under buy-back	-	(8,227)	-	(1,981)
Income tax on transaction costs	-	2,262	-	-
Shares issued upon the exercise of options	22,511,173	-	4,221,500	5,276,875
Costs of issued capital, net of tax				(2,302)
<b>Closing balance</b>	<b>59,396,321</b>	<b>65,050,053</b>	<b>40,197,445</b>	<b>40,904,728</b>
<b>(b) Options issued</b>				
Opening balance	32,607,000	-	36,828,500	-
Options exercised during the year	(22,511,173)	-	(4,221,500)	-
Options not taken up as at date of expiry	(10,095,827)	-	-	-
Secondary options issued upon exercise of initial options	26,732,673	-	-	-
<b>Closing balance</b>	<b>26,732,673</b>	<b>-</b>	<b>32,607,000</b>	<b>-</b>

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**10. RESERVES AND RETAINED PROFITS**

	30 June 2019	30 June 2018
	\$	\$
<b>Retained earnings/(losses)</b>		
Balance at the beginning of the year	(2,836,231)	(772,600)
Net profit/(loss) attributable to members of the Company	566,314	(2,063,631)
Transfer to profit reserve	(606,289)	-
<b>Balance at 30 June</b>	<b>(2,876,206)</b>	<b>(2,836,231)</b>
<b>(b) Profits reserve</b>		
The reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.		
Balance at the beginning of the year	-	121,720
Dividends paid	(606,289)	(121,720)
Transfer from retained earnings	606,289	-
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>
<b>(c) Capital profits reserve</b>		
The reserve records gains or losses arising from disposal of long-term equity investments.		
Balance at the beginning of the year	3,384,226	1,944,229
Realised profit on sale of investments, net of tax	9,038,166	1,684,377
Dividends paid	(998,112)	(244,380)
<b>Balance at 30 June</b>	<b>11,424,280</b>	<b>3,384,226</b>
<b>(d) Asset revaluation reserve</b>		
The reserve records revaluations of long-term equity investments.		
Balance at the beginning of the year	15,954,210	4,773,152
Movement in fair value of long-term equity investments, net of tax	2,520,513	12,865,435
Realised profit on sale of investments, net of tax transferred to capital profits reserve	(9,038,166)	(1,684,377)
<b>Balance at 30 June</b>	<b>9,436,557</b>	<b>15,954,210</b>

**11. AUDITOR'S REMUNERATION**

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	30 June 2019	30 June 2018
	\$	\$
<b>Pitcher Partners</b>		
Audit and other assurance services		
Audit and review of financial statements	42,000	54,172
<b>Total remuneration for audit and other assurance services</b>	<b>42,000</b>	<b>54,172</b>
Taxation Services	8,250	16,950
<b>Total remuneration of Pitcher Partners</b>	<b>50,250</b>	<b>71,122</b>

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

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**12. CASH FLOW INFORMATION**

	As at 30 June 2019	As at 30 June 2018
	\$	\$
<b>(a) Reconciliation of cash</b>		
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash at bank	22,525,023	11,572,347
<b>Total cash and cash equivalents</b>	<b>22,525,023</b>	<b>11,572,347</b>
<b>(b) Reconciliation of net profit/(loss) attributable to members of the Company to net cash outflow from operating activities</b>		
Profit/(loss) attributable to members of the Company	365,312	(3,129,980)
Net gain on net financial liabilities at fair value through profit or loss	(1,035)	(126,984)
Net foreign exchange realised loss	-	70,505
Income tax benefit	(19,040)	(508,634)
Net change in receivables	(30,280)	(20,918)
Net change in payables	(2,936,185)	1,875,054
<b>Net cash used in operating activities</b>	<b>(2,621,228)</b>	<b>1,840,957</b>

**13. RELATED PARTY TRANSACTIONS**

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

**(a) Management and Performance Fees**

The Company has outsourced its investment management function to Ryder Investment Management Pty Limited (the "Manager") a company controlled by Peter Constable and David Bottomley. The Manager is privately owned and was incorporated in November 2008.

**(i) Management fee**

The Manager is entitled to be paid a management fee equal to 1.25% p.a. (plus GST) of the Portfolio Net Asset Value. The management fee is paid monthly in arrears.

**(ii) Performance fee**

The Manager is entitled to receive a performance fee of 20% (plus GST) of the outperformance of the Portfolio above the Benchmark. The Benchmark is the RBA Cash Rate plus 4.25%. The performance fee is accrued monthly but is not paid until the end of each 12 month period ending on 30 June (Performance Calculation Period).

Management and performance fees paid to the Manager during the year were as follows:

	30 June 2019	30 June 2018
	\$	\$
Management fees paid and payable during the year	1,080,946	773,639
Performance fees paid during the year	-	2,953,362
Management fees payable at year end	94,122	69,445

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**13. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(b) Remuneration of Directors and Other Key Management Personnel**

In accordance with Section 300A of the *Corporations Act 2001*, all detailed information regarding the remuneration of Directors and other key management personnel has been included in the Remuneration Report in the Directors' Report of the Annual Report.

A summary of the remuneration of Directors and other key management personnel for the year is set out below:

	30 June 2019	30 June 2018
	\$	\$
Cash salary, fees and commissions	31,963	27,397
<b>Short-term employee benefits</b>	<b>31,963</b>	<b>27,397</b>
Superannuation	3,615	2,603
<b>Post-employment benefits</b>	<b>3,615</b>	<b>2,603</b>
<b>Total employment benefits</b>	<b>35,578</b>	<b>30,000</b>

**(c) Shareholdings**

2019				
	Opening balance	Acquisitions/ Options Exercised	Shares acquired / (disposed)	Balance at 30 June 2019
<b>Ordinary Shares</b>				
Peter Constable <sup>1</sup>	5,378,500	3,062,500	-	8,441,000
David Bottomley <sup>1</sup>	2,145,000	1,130,000	(252,000)	3,023,000
Ray Kellerman	510,000	510,000	-	1,020,000
	<b>8,033,500</b>	<b>4,702,500</b>	<b>(252,000)</b>	<b>12,484,000</b>
2018				
	Opening balance	Acquisitions/ Options Exercised	Shares acquired / (disposed)	Balance at 30 June 2018
<b>Ordinary Shares</b>				
Peter Constable <sup>1</sup>	4,978,500	400,000	-	5,378,500
David Bottomley <sup>1</sup>	1,967,500	172,500	5,000	2,145,000
Ray Kellerman	510,000	-	-	510,000
	<b>7,456,000</b>	<b>572,500</b>	<b>5,000</b>	<b>8,033,500</b>

1. Director and shareholder (>20%) of Ryder Investment Management Pty Limited which has power to control the voting rights as a discretionary investment manager. As at the date of incorporation one share in the Company was held by Ryder Investment Management Pty Ltd, a company controlled by Peter Constable and David Bottomley.

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**13. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(d) Options to acquire shares**

2019				
	Opening balance	Issued/ Acquired	Lapsed/ Exercised	Balance at 30 June 2019
<b>Options (RYDOA)</b>				
Peter Constable	400,000	3,062,500	-	3,462,500
David Bottomley	172,500	852,500	-	1,025,000
Ray Kellerman	-	510,000	-	510,000
	<b>572,500</b>	<b>4,425,000</b>	<b>-</b>	<b>4,997,500</b>

2018				
	Opening balance	Issued/ Acquired	Lapsed/ Exercised	Balance at 30 June 2018
<b>Options (RYDOA)</b>				
Peter Constable	-	400,000	-	400,000
David Bottomley	-	172,500	-	172,500
Ray Kellerman	-	-	-	-
	<b>-</b>	<b>572,500</b>	<b>-</b>	<b>572,500</b>

2019				
	Opening balance	Issued/ Acquired	Lapsed/ Exercised	Balance at 30 June 2019
<b>Options (RYDO)</b>				
Peter Constable	4,562,500	-	(4,562,500)	-
David Bottomley	1,795,000	-	(1,795,000)	-
Ray Kellerman	510,000	-	(510,000)	-
	<b>6,867,500</b>	<b>-</b>	<b>(6,867,500)</b>	<b>-</b>

2018				
	Opening balance	Issued/ Acquired	Lapsed/ Exercised	Balance at 30 June 2018
<b>Options (RYDO)</b>				
Peter Constable	4,962,500	-	(400,000)	4,562,500
David Bottomley	1,967,500	-	(172,500)	1,795,000
Ray Kellerman	510,000	-	-	510,000
	<b>7,440,000</b>	<b>-</b>	<b>(572,500)</b>	<b>6,867,500</b>

**14. CONTINGENT LIABILITIES AND COMMITMENTS**

As at 30 June 2019 and 30 June 2018, the Company had no contingent liabilities or commitments.

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**15. DIVIDENDS**

On 7 August 2018, the Directors declared a fully franked dividend of 2.00 cent per share paid on 19 October 2018 on ordinary shares as at record date 5 October 2018.

On 21 February 2019, the Directors declared a fully franked dividend of 1.00 cent per share paid on 25 March 2019 on ordinary shares as at record date 11 March 2019.

On 9 August 2019, the Directors declared a fully franked dividend of 3.0 cent per share which will be paid on 4 September 2019 on ordinary shares held as at record date 15 August 2019 (ex-dividend date of 14 August 2019).

	30 June 2019	30 June 2018
	\$	\$
<b>Dividend franking account</b>		
Opening balance of franking account	649,366	201,819
Franking credits on dividends received	415,811	267,225
Franking credits on dividends paid	(608,566)	(143,825)
Tax payment made	1,386	324,147
<b>Closing balance of franking account</b>	<b>457,997</b>	<b>649,366</b>
Franking credits on tax payable in respect of the current period's profits	3,150,713	(379,715)
<b>Adjusted franking account balance</b>	<b>3,608,710</b>	<b>269,651</b>

The impact on the dividend franking account of the dividends proposed after balance sheet date but not recognised as a liability is to increase it by \$3,150,713.

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

**16. SEGMENT INFORMATION**

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 7 Investments, and Note 3 Fair Value Measurement.

**17. EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the period which 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 future financial years.

**Ryder Capital Limited**  
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**Director's Declaration**

The Directors declare that:

- (a) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position as at 30 June 2019 and performance of the Company, for the year ended 30 June 2019;
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated on Note 1(b) of the financial statements;
- (d) The Directors have been given the declarations required by S.295A of the *Corporations Act 2001*; and
- (e) The remuneration disclosures contained in the Remuneration Report comply with S300A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to S.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

**Peter Constable**  
Chairman  
Ryder Capital Limited

Sydney, 27 August 2019

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**Independent Auditor's Audit Report to the Members**



**Independent Auditor's Report**  
**To the Members of Ryder Capital Limited**  
**ABN 74 606 695 854**

**Report on the Audit of the Financial Report**

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*Qualified Opinion*

We have audited the financial report of Ryder Capital Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019 the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the matter referred to in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of Ryder Capital Limited, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Qualified Opinion*

The Company's investment in Updater Inc., is being carried at \$9,621,292 on the statement of financial position as at 30 June 2019 and is classified as a level 3 investment as a result of it delisting from the Australian Securities Exchange during the year, as described in Note 3. We also note that an unrealised gain (net of tax) of \$3,427,156, in respect of Updater Inc. is recorded in the Asset Revaluation Reserve as at 30 June 2019. Updater Inc. is now a private company and there is a lack of observable private market or other data to assist in deriving a carrying value for this investment. Accordingly as at the date of this report, we were unable to satisfy ourselves by alternative means concerning the carrying value of the Company's investment in Updater Inc.. Since the valuation of investments enters into the determination of the financial position of the Company, we were unable to determine whether adjustments might have been necessary to the current year's movement in fair value of investments recorded through other comprehensive income in the statement of profit or loss and other comprehensive income and the fair value of investments recorded on the statement of financial position.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ryder Capital Limited, would be on the same terms if given to the directors as at the time of this auditor's report.

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

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Existence and valuation of Financial Instruments</b>	
<b>Refer to Note 3 Fair Value Measurement, Note 7: Investments</b>	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Total Comprehensive Income.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "level 1" (i.e. where the valuation is based on quoted prices in the market) and "level 3" (i.e. where inputs are unobservable).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of the investment management process and controls;</li> <li>▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the period 1 July 2018 to 30 June 2019 for the Custodian;</li> <li>▪ Obtaining a confirmation of the investment holdings directly from the Custodian;</li> <li>▪ Recalculating and assessing the Company's valuation of individual investment holdings to independent pricing sources for Level 1 investments. For level 3 investments where there was no observable market data, obtaining and assessing other relevant valuation data;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

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***Accuracy and Completeness of Management and Performance Fees***  
***Refer to Note 9: Payables, Note 13: Related party transactions and Remuneration report***

<p>We focused our audit effort on the accuracy, completeness and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include portfolio movements, index benchmarking and applying the correct set percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees;</li> <li>▪ Making enquiries with the Investment Manager and Those Charged With Governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements;</li> <li>▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;</li> <li>▪ Testing key inputs used in the calculation of management and performance fees and recalculation in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>
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*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

*Responsibilities of the Directors for the Financial Report*

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

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional 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.

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.

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**  
**Independent Auditor's Audit Report to the Members**



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

#### **Report on the Remuneration Report**

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 12 to 14 of the Directors' Report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Ryder Capital Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

##### *Responsibilities*

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

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

**S M Whiddett**  
Partner

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

**Pitcher Partners**  
Sydney

27 August 2019

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**  
**Top 20 Shareholders**

The Shareholder information set out below was applicable at 22 July 2019.

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report, is listed below.

A. Distribution of equity securities	Investors	Shares	%
<b>Holding Ranges</b>			
1 to 1000	13	6,249	0.01
1001 to 5000	48	172,347	0.29
5001 to 10000	43	384,811	0.65
10001 to 100000	187	7,587,822	12.82
100001 and Over	97	51,055,494	86.23
<b>Total</b>	<b>388</b>	<b>59,206,723</b>	<b>100.00</b>

B. Equity security holders	Shares	%
<b>Twenty largest equity security holders</b>		
CONSVEST PTY LTD	3,666,000	6.19
BNP PARIBAS NOMS PTY LTD	2,400,000	4.05
PETER CHARLES CONSTABLE	2,000,000	3.38
MR TIMOTHY LINDSAY MCCAUGHEY	1,744,000	2.95
MR ROBERT JULIAN CONSTABLE & MRS JANET MARIE CONSTABLE	1,700,000	2.87
DAHO PTY LTD	1,350,000	2.28
CEDAR PARTY PTY LIMITED	1,200,000	2.03
GERICHTER SUPER INVESTMENTS PTY LTD	1,181,100	1.99
GERICHTER FAMILY INVESTMENTS PTY LTD	1,120,702	1.89
CEDAYU PTY LTD	1,000,000	1.69
DOOHAN SUPERANNUATION PTY LTD	1,000,000	1.69
DHAULAGURI PTY LTD	1,000,000	1.69
WORKING DOG INVESTMENTS PTY LTD	1,000,000	1.69
S LE M SUPERANNUATION PTY LTD	1,000,000	1.69
RK SYDNEY PTY LTD	1,000,000	1.69
MR ROBERT JULIAN CONSTABLE & MRS JANET MARIE CONSTABLE	1,000,000	1.69
HALE UNION PTY LTD	1,000,000	1.69
BS CARTER SUPERANNUATION FUND PTY LTD	1,000,000	1.69
LEYRTH PTY LTD	1,000,000	1.69
MAYUMI AND ZENTA INVESTMENTS PTY LTD	1,000,000	1.69

C. Substantial shareholders	Shares	%
Peter Charles Constable	8,441,001	14.26
David Harold Bottomley	3,023,001	5.11

**D. Voting Rights**

The voting rights attaching to each class of equity security are set out below:

Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options do not have any voting rights until they vest and are exercised.

**E. Stock exchange listing**

Quotation has been granted for all of the ordinary shares and options of the Company on all Member exchanges of the ASX Limited.

**F. Unquoted securities**

There are no unquoted securities.

**G. Securities subject to voluntary escrow**

There are no securities subject to voluntary escrow.

**H. Investment transactions**

There were 215 investment transactions during the period, total brokerage paid on these transactions was \$91,120.34.

**Ryder Capital Limited**  
**Annual Report**  
**For the year ended 30 June 2019**  
**Corporate Directory**

<b>Directors</b>	Peter Constable (Chairman) David Bottomley Ray Kellerman
<b>Company Secretary</b>	David Bottomley
<b>Registered Office</b>	Level 25 88 Phillip Street Sydney NSW 2000
<b>Contact Details</b>	P: (02) 8211 2791 F: (02) 8211 0555 W: <a href="http://www.rydercapital.com.au">www.rydercapital.com.au</a>
<b>Share Registry</b>	Link Market Services Limited  Level 12, 680 George Street Sydney NSW 2000  P: 1300 554 474 W: <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
<b>Auditor</b>	Pitcher Partners  Level 16, Tower 2 Darling Park 201 Sussex Street Sydney NSW 2000  P: (02) 9221 2099
<b>Stock Exchange Listings</b>	Ryder Capital Limited securities are listed on the Australian Stock Exchange under the following exchange codes:  Shares RYD Options RYDOA

# RYDER CAPITAL

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