

# QV Equities Limited

ABN 64 169 154 858

## Appendix 4D – Half Year Report

### Results for announcement to the market

### For the half-year ended 31 December 2017

	\$	up/down	% movement
Revenue from ordinary activities	6,653,333	up	17
Profit from ordinary activities before income tax expense	5,004,181	up	14
Profit from ordinary activities after tax attributable to equity holders	4,531,861	up	11

#### Dividend information

	Cents per share	Franked amount per share	Tax rate for franking
2017 Final dividend paid	2.0c	2.0c	27.5%
2018 Interim dividend declared	2.1c	2.1c	27.5%

#### Interim dividend dates

Ex dividend date	16 March 2018
Record date	19 March 2018
Payment date	4 April 2018

#### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the fully franked interim dividend of 2.1 cents per share qualifies. Participant shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 3% discount to the volume weighted average market price of shares sold on the ASX for the 5 trading days following the record date of the relevant dividend.

#### Net tangible assets

	31 December 2017	31 December 2016
Net tangible asset backing (per share) before tax	\$1.24	\$1.18
Net tangible asset backing (per share) after tax	\$1.18	\$1.13

Monthly updates to the NTA can be found on our website [www.qvequities.com](http://www.qvequities.com)

# **QV Equities Limited**

ABN 64 169 154 858

## **Interim Financial Report For the half-year ended 31 December 2017**

# QV Equities Limited

ABN 64 169 154 858

## Interim Financial Report For the half-year ended 31 December 2017

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The interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 30 June 2017 annual report and any public announcements made by QV Equities Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## **QV Equities Limited**

ABN 64 169 154 858

### **Corporate Directory**

#### **Directors**

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

#### **Secretary**

Zac Azzi

#### **Investment Manager**

Investors Mutual Limited  
Level 24, 25 Bligh Street  
Sydney NSW 2000  
(AFSL 229988)

#### **Registered Office**

Level 24, 25 Bligh Street  
Sydney NSW 2000  
Telephone: (02) 9232 7500  
Fax: (02) 9232 7511  
Email: [info@qvequities.com](mailto:info@qvequities.com)  
Website: [www.qvequities.com](http://www.qvequities.com)

#### **Share Registrar**

Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138  
Telephone: 1800 868 464

#### **Auditor**

Pitcher Partners  
Level 22 MLC Centre, 19 Martin Place  
Sydney NSW 2000

#### **Stock Exchange**

Australian Securities Exchange (ASX)  
ASX code: QVE Ordinary shares

## Directors' Report

The Directors present their report together with the condensed interim financial report of QV Equities Limited ("the Company") for the half-year ended 31 December 2017.

### Directors

The following persons were Directors of the Company during the half-year and up to the date of this report:

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

### Principal activities

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

### Review of operations

Investment operations for the period ended 31 December 2017 resulted in an operating profit before tax of \$5,004,181 (2016: \$4,377,336) and an operating profit after tax of \$4,531,861 (2016: \$4,099,696).

Net Tangible Assets backing (NTA) for each ordinary share as at 31 December 2017 amounted to \$1.24 per share (2016: \$1.18). The NTA backing per share after tax was \$1.18 (2016: \$1.13).

### Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the half-year ended 31 December 2017.

### 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 4.

### Rounding of amounts to the 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 unless otherwise stated.

The report is made in accordance with a resolution of the Board of Directors:



Peter McKillop, Chairman

Sydney, 14 February 2018

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

In relation to the independent auditor's review for the half-year ended 31 December 2017, 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 in relation to the review.

This declaration is in respect of QV Equities Limited during the period.



SCOTT WHIDDETT  
Partner

PITCHER PARTNERS  
Sydney

14 February 2018

**QV Equities Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2017**

**Statement of Comprehensive Income**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
Notes	\$	\$
<b>Investment income</b>		
Dividend income	<b>5,239,467</b>	5,430,008
Interest income	<b>635,950</b>	419,705
Other income	<b>73,115</b>	21,835
Realised gains/(losses) on investments held for trading	<b>558,101</b>	(89,455)
Unrealised gains/(losses) on investments held for trading	<b>146,700</b>	(77,780)
<b>Total investment income</b>	<b>6,653,333</b>	5,704,313
<b>Expenses</b>		
Management fees	<b>1,388,779</b>	1,115,025
Directors' fees	<b>50,000</b>	50,000
ASX fees	<b>45,575</b>	38,710
Registry fees	<b>56,581</b>	42,168
Other expenses	<b>108,217</b>	81,074
<b>Total expenses</b>	<b>1,649,152</b>	1,326,977
<b>Profit before income tax</b>	<b>5,004,181</b>	4,377,336
Income tax expense	<b>472,320</b>	277,640
<b>Profit after income tax</b>	<b>4,531,861</b>	4,099,696
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit and loss</b>		
Movement in fair value of long term equity investments, net of tax	<b>5,759,336</b>	12,302,485
<b>Total comprehensive income for the period</b>	<b>10,291,197</b>	16,402,181
<b>Earnings per share</b>		
Basic and diluted earnings per share (cents per share)	5	1.85

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

**QV Equities Limited**  
**Statement of Financial Position**  
**As at 31 December 2017**

**Statement of Financial Position**

	<b>31 December 2017</b>	<b>30 June 2017</b>
Notes	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	<b>59,653,805</b>	75,657,537
Receivables	<b>618,699</b>	814,228
Prepayments	<b>105,209</b>	33,375
<b>Total current assets</b>	<b><u>60,377,713</u></b>	<u>76,505,140</u>
<b>Non-current assets</b>		
Long term equity investments	<b>281,106,360</b>	259,247,833
Deferred tax assets	<b>451,686</b>	564,565
<b>Total non-current assets</b>	<b><u>281,558,046</u></b>	<u>259,812,398</u>
<b>Total assets</b>	<b><u>341,935,759</u></b>	<u>336,317,538</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade creditors and other payables	<b>442,842</b>	2,359,882
Current tax liabilities	<b>4,892,407</b>	3,262,102
Financial liabilities held at fair value	<b>404,010</b>	374,650
<b>Total current liabilities</b>	<b><u>5,739,259</u></b>	<u>5,996,634</u>
<b>Non-current liabilities</b>		
Deferred tax liability	<b>10,730,821</b>	9,919,253
<b>Total non-current liabilities</b>	<b><u>10,730,821</u></b>	<u>9,919,253</u>
<b>Total liabilities</b>	<b><u>16,470,080</u></b>	<u>15,915,887</u>
<b>Net assets</b>	<b><u>325,465,679</u></b>	<u>320,401,651</u>
<b>Equity</b>		
Issued capital	7 <b>281,387,922</b>	281,113,681
Asset revaluation reserve	<b>26,251,325</b>	24,595,350
Capital profits reserve	<b>13,294,571</b>	10,294,914
Profits reserve	<b>4,531,861</b>	4,397,706
<b>Total equity</b>	<b><u>325,465,679</u></b>	<u>320,401,651</u>

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



QV Equities Limited  
Statement of Changes in Equity  
For the half-year ended 31 December 2017

**Statement of Changes in Equity**

	Notes	Issued capital \$	Profits reserve \$	Asset revaluation reserve \$	Capital profits reserve \$	Retained profits \$	Total \$
<b>Balance at 1 July 2017</b>		<u>281,113,681</u>	<u>4,397,706</u>	<u>24,595,350</u>	<u>10,294,914</u>	-	<u>320,401,651</u>
Profit for the period		-	-	-	-	4,531,861	4,531,861
<b>Other comprehensive income:</b>							
Net revaluation of investments		-	-	5,759,336	-	-	5,759,336
<b>Total comprehensive income for the period</b>		-	-	<u>5,759,336</u>	-	<u>4,531,861</u>	<u>10,291,197</u>
<b>Transactions with equity holders in their capacity as owners:</b>							
Shares issued from dividend reinvestment plan	7	274,241	-	-	-	-	274,241
Dividends provided for or paid		-	(4,397,706)	-	(1,103,704)	-	(5,501,410)
<b>Other</b>							
Realised profits on sale of investments transferred to reserves		-	-	(4,103,361)	4,103,361	-	-
Transfer to profits reserve		-	4,531,861	-	-	(4,531,861)	-
<b>Balance at 31 December 2017</b>	7	<u>281,387,922</u>	<u>4,531,861</u>	<u>26,251,325</u>	<u>13,294,571</u>	-	<u>325,465,679</u>

**QV Equities Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2017**  
**(continued)**

	Notes	Issued capital	Profits reserve	Asset revaluation reserve	Capital profits reserve	Retained profits	Total
		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>		<u>216,339,116</u>	<u>2,776,613</u>	<u>17,252,345</u>	<u>1,216,678</u>	<u>-</u>	<u>237,584,752</u>
Profit for the period		-	-	-	-	4,099,696	4,099,696
<b>Other comprehensive income:</b>							
Net revaluation of investments		-	-	12,302,485	-	-	12,302,485
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>12,302,485</u>	<u>-</u>	<u>4,099,696</u>	<u>16,402,181</u>
<b>Transactions with equity holders in their capacity as owners:</b>							
Shares issued from dividend reinvestments	7	145,705	-	-	-	-	145,705
Dividends provided for or paid		-	(2,776,613)	-	(1,208,386)	-	(3,984,999)
<b>Other</b>							
Realised profit on sale of investments transferred to reserves				(3,089,868)	3,089,868		
Transfer to profit reserves		-	4,099,696	-	-	(4,099,696)	-
<b>Balance at 31 December 2016</b>	7	<u>216,484,821</u>	<u>4,099,696</u>	<u>26,464,962</u>	<u>3,098,160</u>	<u>-</u>	<u>250,147,639</u>

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

**QV Equities Limited**  
**Statement of Cash Flow**  
**For the half-year ended 31 December 2017**

**Statement of Cash Flow**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Dividends/distributions received	5,384,642	5,482,957
Interest received	636,612	417,692
Net realised gains on exchange traded options	734,162	85,191
Other income	69,808	25,523
Payments for other expenses	(1,758,302)	(1,360,284)
Income tax paid	(460,583)	(1,077,682)
<b>Net cash inflow from operating activities</b>	<b><u>4,606,339</u></b>	<b><u>3,573,397</u></b>
<b>Cash flows from investing activities</b>		
Payments for investments	(54,584,140)	(28,170,103)
Proceeds from sale of investments	39,201,238	29,365,773
<b>Net cash (outflow)/inflow from investing activities</b>	<b><u>(15,382,902)</u></b>	<b><u>1,195,670</u></b>
<b>Cash flows from financing activities</b>		
Dividends paid	(5,227,169)	(3,839,294)
<b>Net cash (outflow) from financing activities</b>	<b><u>(5,227,169)</u></b>	<b><u>(3,839,294)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,003,732)</b>	<b>929,773</b>
Cash and cash equivalents at the beginning of the period	<u>75,657,537</u>	<u>33,161,728</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>59,653,805</u></b>	<b><u>34,091,501</u></b>

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

## **1 General information**

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

The condensed interim financial statements were authorised for issue by the Board on 14 February 2018.

## **2 Summary of significant accounting policies**

The principal accounting policies adopted in preparation of these interim financial statements are set out below.

### **(a) Basis of preparation of the half-year report**

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

These half-year financial statements do not include all the notes of the type normally included in an annual financial report. It is recommended that these half-year financial statements be read in conjunction with the 30 June 2017 annual financial report and any public announcements made by QVE during the half-year in accordance with any disclosure requirements arising under the *Corporations Act 2001*.

These half-year financial statements have been prepared on an accrual basis and are based on the historical cost basis except as modified by the revaluation of non-current investments which are recorded at fair value.

The accounting policies have been consistently applied by and are consistent with those applied in the 30 June 2017 annual financial report.

### **(b) Investments**

Revenue is measured at the fair value of the consideration received or receivable.

#### *(i) Recognition and initial measurement*

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

#### *(ii) Classification and subsequent measurement*

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

The Company holds call option derivative financial instruments which are held for trading and are mandatorily classified as at fair value through profit and loss, changes in the fair value of options are recognised in profit or loss for the period.

#### *(iii) Derecognition*

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

## 2 Summary of significant accounting policies (continued)

### (b) Investments (continued)

#### (iv) Valuation

All investments are classified and measured as being at fair value, please refer to note 3 for more information on the Company's policy for measuring fair value.

### (c) Revenue

#### (i) Dividend income

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

#### (ii) Interest income

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

### (d) Rounding of amounts to the 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 unless otherwise stated.

## 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
- Financial liabilities held for trading

### Fair value hierarchy

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

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

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

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

### 3 Fair value measurement (continued)

(i) *Recurring fair value measurements*

The following tables present the Company's assets measured and recognised at fair value as at 31 December 2017 and 30 June 2017:

As at 31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Long term equity investments:				
Listed equities	252,310,750	-	-	252,310,750
Listed unit trusts	24,666,500	-	-	24,666,500
Floating rate notes	4,129,110	-	-	4,129,110
<b>Total</b>	<b>281,106,360</b>	<b>-</b>	<b>-</b>	<b>281,106,360</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Options	404,010	-	-	404,010
<b>Total</b>	<b>404,010</b>	<b>-</b>	<b>-</b>	<b>404,010</b>
As at 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Long term equity investments:				
Listed equities	228,362,790	-	-	228,362,790
Listed unit trusts	26,272,000	-	-	26,272,000
Floating rate notes	4,038,500	-	-	4,038,500
Unlisted equities	-	574,543	-	574,543
<b>Total</b>	<b>258,673,290</b>	<b>574,543</b>	<b>-</b>	<b>259,247,833</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Options	374,650	-	-	374,650
<b>Total</b>	<b>374,650</b>	<b>-</b>	<b>-</b>	<b>374,650</b>

The unlisted equities recognised at fair value level 2 in the preceding period have been transferred to level 1 during the half-year. These investments related to pre-trade securities placements measured at cost as there was no active market. On commencement of trading an active market could be observed and consequently these investments were re-classified at level 1.

(ii) *Disclosed fair values*

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

#### 4 Segment information

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

#### 5 Earnings per share

	Half year ended	
	31 December 2017 cents	31 December 2016 cents
<b>(a) Basic and diluted earnings per share</b>		
Total earnings per share attributable to the ordinary equity holders of the Company	<b>1.65</b>	1.85
<b>(b) Weighted average number of shares used as denominator</b>		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share is based on the average number of shares as at 31 December 2017 and 31 December 2016	<b>275,141,166</b>	221,428,605

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

#### 6 Dividends

Dividends paid fully franked at 27.5% tax rate.

##### (a) Dividend paid during the period

	Dividend Rate	Total Amount	Date of Payment	% Franked
<b>2017</b>				
Ordinary shares - final 2017	2.0 cents	5,501,410	31/10/2017	100

## 6 Dividends (continued)

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

**31 December**  
**2017**  
**\$**

In addition to the above dividends, since half-year end the Directors have announced the payment of an interim dividend of 2.1 cents per fully paid ordinary share, fully franked based on tax paid at 27.5%. The aggregate amount of the interim dividend expected to be paid on 4 April 2018 out of the profits of the Company at 31 December 2017, but not recognised as a liability at period end is:

**5,780,957**

## 7 Issued Capital

### (a) Share capital

	<b>31 December 2017 Number of Shares</b>	<b>31 December 2017 Total amount \$</b>	<b>30 June 2017 Number of Shares</b>	<b>30 June 2017 Total amount \$</b>
Fully paid ordinary shares	<u><b>275,283,670</b></u>	<u><b>281,387,922</b></u>	<u>275,070,493</u>	<u>281,113,681</u>

### (b) Movements in ordinary share capital

Date		<b>Number of shares</b>	<b>Issue price</b>	<b>Total amount \$</b>
<b>01/07/2017</b>	<b>Opening balance</b>	<u><b>275,070,493</b></u>		<u><b>281,113,681</b></u>
<b>31/10/2017</b>	<b>Shares issued under DRP</b>	<u><b>213,177</b></u>	<b>\$1.29</b>	<u><b>274,241</b></u>
<b>31/12/2017</b>	<b>Closing balance</b>	<u><b>275,283,670</b></u>		<u><b>281,387,922</b></u>

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



## **7 Issued Capital (continued)**

### **(c) Fully paid ordinary shares**

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

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

## **8 Contingencies and commitments**

The Company had no contingent liabilities as at 31 December 2017 (2016: nil).

## **9 Events occurring after the reporting period**

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

## Directors' Declaration

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) giving a true and fair view of the financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that QV Equities will be able to pay its debts as and when they become due and payable.

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



Peter McKillop, Chairman

Sydney, 14 February 2018

**Independent Auditor’s Review Report  
To The Members of QV Equities Limited  
ABN 64 169 154 858**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of QV Equities Limited (“the company”), which comprises the statement of financial position as at 31 December 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors’ declaration of the Company.

**Directors’ Responsibility for the Half-year Financial Report**

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: “*Review of a Financial Report Performed by the Independent Auditor of the Entity*”, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the entity’s financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: “*Interim Financial Reporting*” and the *Corporations Regulations 2001*. As the auditor of QV Equities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Independence**

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

## **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of QV Equities Limited is not in accordance with the *Corporations Act 2001*, including:

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



SCOTT WHIDDETT  
Partner



PITCHER PARTNERS  
Sydney

14 February 2018