



KAIZEN GLOBAL
Investments

**ANNUAL
REPORT**
30 June 2016



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CHAIRMAN'S LETTER

To my fellow Shareholders,

The founder of Panasonic, Konosuke Matsushita, once said: "It is during the bad times that the skilled manager lays firm foundations for future growth". The past calendar year was eventful: Greece voted on whether to accept a European bailout (had Greece secured large write-downs in her debt then larger economies would have demanded the same terms, resulting in a potential funding crisis), the GDP growth rate slowed in China and its bad debts rose unexpectedly, geopolitical unrest was forever in the news, fears of deflation resurfaced and the Brexit vote stunned markets (with larger ramifications possible). Despite the turmoil the Kaizen team laid a solid foundation for KGI's future growth. KGI has now been trading on the NSX for a year and four months, and we continue to focus our attention on growing our capital by investing in a diversified portfolio of global stocks, whilst considering capital preservation, and looking for attractive unlisted investment opportunities.

PERFORMANCE

Our key investment objectives – of preserving KGI's capital, and achieving a high real rate of return for our shareholders – remain unchanged. In the 2016 financial year the net tangible asset (NTA) value of KGI was flat, despite significant volatility in global financial markets, and we grew our company's share capital by 17%.

OPERATIONS + INVESTMENT PORTFOLIO

In relation to private companies, we have conducted extensive research on a number of opportunities during the year, but decided not to pursue any of them because of acquisition price and valuation multiple. KGI will be a permanent home for the companies that we acquire, so we need to be patient and wait for the right opportunities at a fair price. The Company's capital is fully invested in international stocks, and we would only choose to allocate it to a private business if there was a compelling opportunity for the long-term. We remain optimistic about the pipeline, and convinced of the business logic.

To find out more about our portfolio's make up, please read our Investment Manager's letter starting at page 6. It will give you a better idea of how our Manager is laying a solid foundation to protect your investment against short-term market volatility and downturns, and to ensure that it enjoys the benefits of long-term compound growth.

CAPITAL RAISE

The Company's share placement in March/April 2016 raised over \$385,000 that our Investment Manager has deployed to grow our worldwide portfolio and further reduce our operating costs, so I take this opportunity to welcome, on behalf of the Company, our newest Shareholders and also remind you that two of our directors took advantage of the placement to increase their own personal shareholding in KGI.

DIVIDENDS

It is our intention to pay a growing and progressive dividend over time so that shareholders can realise returns both through capital appreciation as well as some income. We made maiden profits this year, but it was not cost effective to distribute those profits as a dividend. We look forward to paying dividends in the future.

AGM

Shortly, we will contact you about our annual general meeting – which will provide you with the chance to meet with KGI's key management personnel, and ask any questions you may have. I look forward to seeing you there.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Winfield', written in a cursive style.

SIMON WINFIELD

Chairman

29 August 2016

INVESTMENT MANAGER'S LETTER

Dear Shareholders,

Investing is sometimes a very frustrating pursuit. You can find interesting opportunities, do thorough analysis, and build a position into a diversified portfolio, but then you need to wait. The waiting is the hardest bit, especially when there's enormous pressure to deliver returns today. But delivering returns today isn't how markets work, particularly if you're a value investor buying things cheap. Value investing has been shown to deliver the best returns over the long-term, whereas growth investing has periods in the sun.

“ *It never was my thinking that made the big money for me. It always was my sitting. Got that? My sitting tight.* ”

”
EDWIN LEFÈVRE¹

We invest with a 5-year rolling horizon, and if the companies we have invested in are doing well, or improving, and we've bought them at an attractive price, this will eventually translate into higher valuations in the future. We believe that the big money will be made taking the longer-term view. Why? That has worked for us in the past, and we believe that it will work for us in the medium term – but there can be no guarantees.

WHERE ARE WE BULLISH?

First, stock markets deliver the best returns of any asset class over the long-term, at almost 10% per annum.² Therefore, in the long-term it makes sense to be bullish on stocks. Second, there are over 7 billion people in the world, and there will always be opportunities for companies to grow and for their value to increase.

Returns are not linear – meaning that the market does not go up at 9.8% every single year. Some years it beats that, some years it doesn't. If you have a 1-2 year horizon, you can miss out on the best opportunities because stocks move up and down every day for all sorts of trivial reasons (short term voting). But in the long-term, if the business is sound and it increases its earnings, it should increase and approach fair value (be properly weighed).

We believe that the single greatest opportunity for the coming 5-10 years is to invest (i.e. sit tight) and not jump in and out of stocks (trade). If you look closely at some fund managers' portfolios today, you would notice that at the beginning of the year they had no commodity related investments, which were doing badly. Now they do. If commodity prices fall, they'll be out again. This isn't how we define investing, it's sector rotation, and it is very difficult to consistently get that right over the long-term.

¹ Edwin Lefèvre wrote the Wall Street classic *Reminiscences of a Stock Operator*, the thinly disguised biography of Jesse Lauriston Livermore, a legendary investor.

² US large stocks increased by 9.8% per annum on average 1926-2012 Source: S&P 500

We are thematic investors and try, wherever possible, to invest in companies and industries that we expect to benefit from multi-year tailwinds. Two of our thematic examples are:

- Growth in outbound travel (holidays, business, etc.)
- Growing middle classes in emerging markets – especially Asia

TRIPADVISOR (TRIP) – GROWTH IN TRAVEL

Market cap: \$8.8bn USD; Net cash: \$0.9bn

We believe that global travel will continue to grow driven by: a) cheaper, faster, more efficient aircraft; b) growing middle classes; c) more airports/infrastructure; and d) more adventurous travelers. TRIP has an enormous addressable market, as can be seen in Figure 1. It had annual revenue in 2015 of \$1.5bn, in the annual online travel spending pie of \$492bn (and growing), and total worldwide spend of \$1.3 trillion. 350m monthly users generate detailed property reviews and interested shoppers can buy their holiday through Expedia, Priceline, etc. directly from the site. TRIP is moving into enabling direct booking and also offering attractions and restaurant bookings when you're on holiday, expanding their potential share of wallet. You can find a local attraction reviewed in TRIP, book it via the site, and even hail an Uber ride to get you there – all within the app. This is the future, and we believe it is close to a global monopoly with huge network effects.

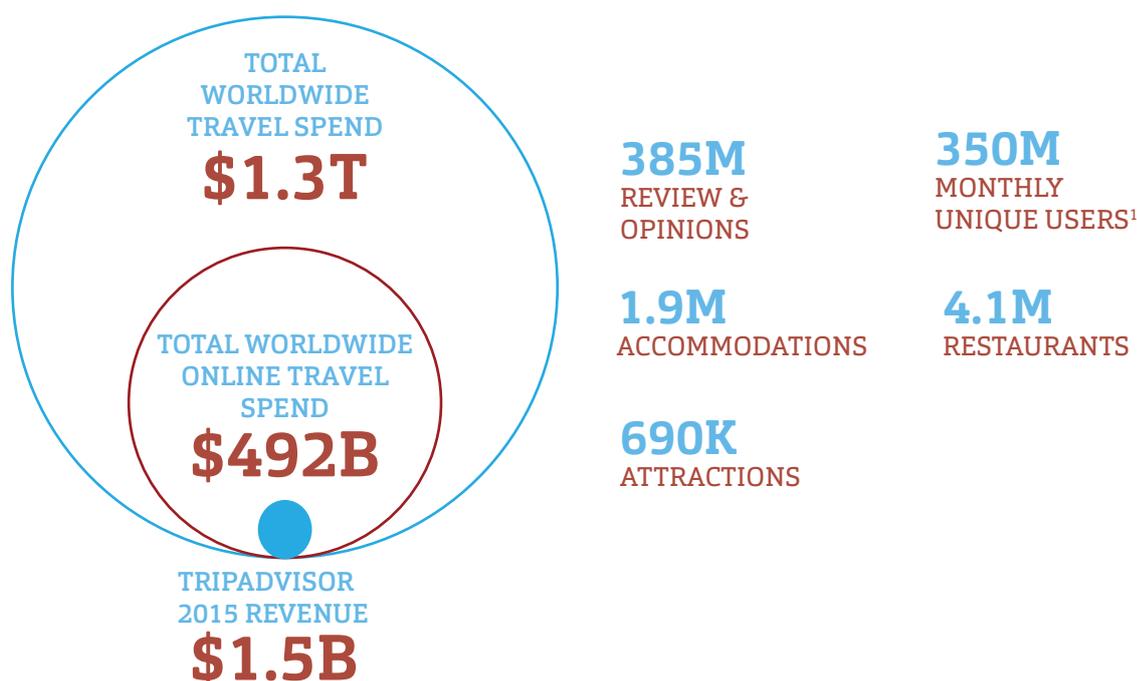


Figure 1: Tripadvisor share of total worldwide travel spend

Source: Tripadvisor

A BUMPY ROAD

The shares haven't performed well in the past year because the company is transitioning to include more bookings via TRIP direct. Instead of selling a third party banner space it is using it itself, foregoing a sale today, in order to capture a larger part of the transaction in the future. In the short term, this translates to a headwind and slowing revenue growth, but in the long-term we believe this will create a much larger business. Wall Street is obsessed with the quarter's earnings and this creates share price volatility, which we believe has nothing to do with the long-term prospects of the business. In addition, the recent tragic terrorist events in France have depressed global travel at peak season into Europe and travel flows are weak. However, over our investment horizon (next 5 years) we expect this fear to subside, travel to return to normal and to be rewarded handsomely for sitting tight through these short-term ups and downs.

FINANCIALS

TRIP makes money. In 2015 it made close to \$500m of earnings before interest, tax, depreciation and amortization (EBITDA). It has low capital requirements and can generate large amounts of cash. In addition, it had close to \$1bn of cash on the balance sheet in the 2Q 2016 and, in our opinion, has a long runway of growth ahead.

The online travel pie is enormous, growing, and TRIP is still a very small part of it. There's plenty of runway ahead for the company to grow into everyone's holiday offering and include more excursions/restaurants/entertainment.

EMPEROR WATCH AND JEWELLERY – GROWING AFFLUENCE THEME

Market cap: \$250m USD, Cash and inventory: \$516m

Growing affluence, particularly in Asia, is driving demand for expensive luxury goods. Brand really matters when you spend a cool \$100,000 on a watch (like the Patek Phillipe in the chart below), but so too does trust. In a world of high-end fakes, it would be foolish to buy such an expensive watch from a non-credible retailer.

CUTTING EDGE 1970S



FAD

CUTTING EDGE 2015



FAD?

175 YEAR OLD WATCH COMPANY



TIMELESS

Emperor watch and jewelry is a luxury watch retailer and was founded in Hong Kong in 1942. It operates at prestigious shopping addresses and is “known” for selling expensive watches for decades. This operating history has built a large moat around the company as it is a trusted seller of luxury watches and can therefore secure supply. The last thing a luxury manufacturer wants, when it invests so much into brand, is for a distributor to discount the products making them less desirable. Emperor has proven, over the long-term, that it can be trusted by its suppliers to work closely with them and by its customers to give them genuine items at a fair price.

HARD TIMES

A combination of events has led to a fall in luxury sales in Hong Kong since 2011. At the same time rental costs were going up based on booming sales from the past – a recipe for financial pain. Many retailers started losing money and competition for prime sites reversed as retailers closed their doors. It took a while for landlords to reduce rents, but ultimately they had no choice and the cost base adjusted downwards quickly. Retailers reduced their inventories, sent slow moving items back to the watch manufacturers, and the businesses began to lose less.

FINANCIAL: A DOLLAR FOR 50 CENTS

Emperor has cash and inventory (luxury watches from Rolex, Patek Philippe, etc.) worth over \$500m. Yet, because of the gloom and doom, the company is valued at \$250m, or half that, in the stock market today. If you could buy the entire company, you could close the business, sell the watches back to the manufacturers and theoretically double your money. This is an enormous margin of safety.

You pay a high price for booming trading conditions and you pay a low one when trading is ugly, as it is today. This is how we think as investors. We want to buy good businesses cheaply, and that only ever happens when there are clouds in the sky. In our 5-year investment horizon we think that Hong Kong will remain the most important watch market in the world, due to its proximity to China, and since there are very few trusted luxury retailers over time profitability will return.

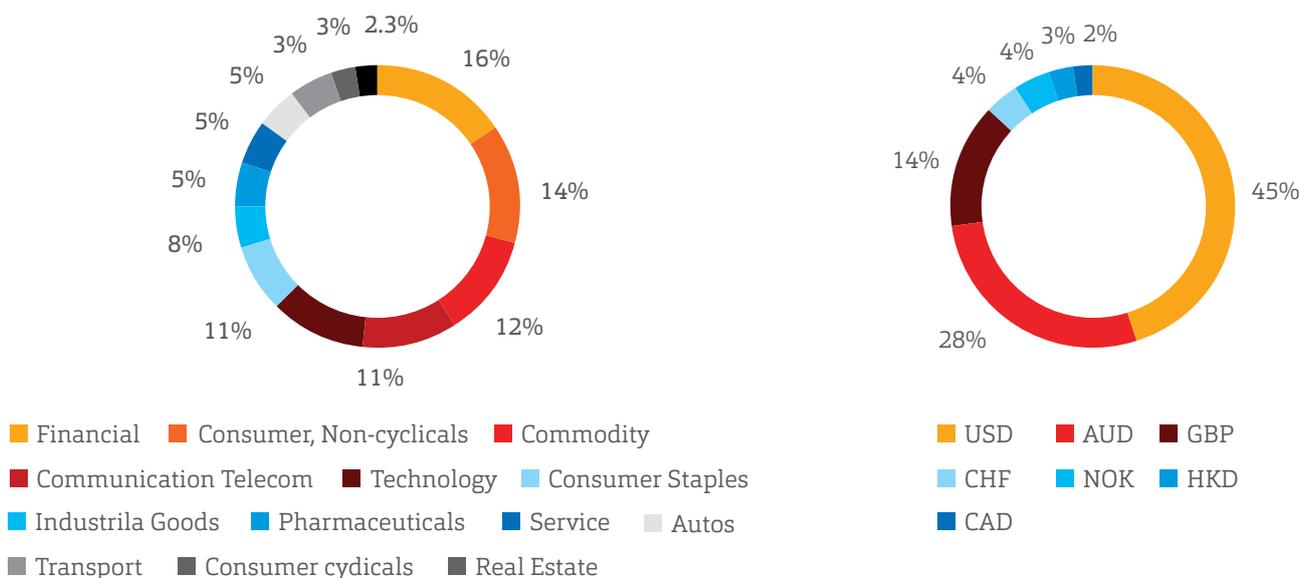
WHERE ARE WE BEARISH

Sometimes it's as important to look at where we see risk, as reward. Often risk is hidden because an area has done very well and it is seen as the area to invest in. This increase in investment drives valuations up (things get expensive) and it funds competition (supply). So, where are we cautious today and why?

- Australian house prices: The best returns are probably behind us.
- U.S. large 'quality' stocks. Trees don't grow to the sky, especially slow growing ones.
- Australian small company stocks: Multiple expansion and limited liquidity.

PORTFOLIO POSITIONING

We have invested across multiple countries and sectors as can be seen in the two charts below. We hold 55 investments and are fully invested. We hold a little over 13% of the invested capital in long-dated TIPS (treasury inflation protected securities) and gold as we believe that the biggest risk to stock markets is unexpected inflation. We think about capital preservation as much as capital growth at all times.



In summary, we are optimistic about the next five year period and beyond and have invested the company's capital with that horizon in mind. We, as managers and directors, have our own money invested alongside you as fellow shareholders. Two directors bought additional shares in the placement in 2016. We believe that our best days are ahead and will work tirelessly to compound your capital in the years ahead.

Yours sincerely,

CONNOR GRINDLAY

Managing Director
29 August 2016

DIRECTORS' REPORT

Your directors present their annual financial report on Kaizen Global Investments Limited (the Company or KGI) for the financial period ending 30 June 2016 as required by the Corporations Act 2001 (Cth)(the Act) and the NSX Listing Rules. In addition to the financial statements for the year and the notes accompanying those statements, your Directors provide a declaration about those statements and notes.

GENERAL INFORMATION ABOUT OPERATIONS AND ACTIVITIES

The Company is listed on the NSX. During the year the Company's Investment Manager continued to implement KGI's investments strategy by investing the Company's capital in global listed securities affected by thematic trends, while paying close attention to valuation and margin of safety. KGI made no investments in unlisted private companies during the period.

In March/April 2016, we completed a share placement that raised \$385,490, and culminated in the listing of a further 403,654 fully paid ordinary KGI shares on the NSX. We remain focused on growing our shareholders' post-tax NTA per share in absolute terms. As at 30 June 2016 the NTA post tax valuation was \$0.972 per share.

PRINCIPAL ACTIVITIES

KGI's principal activities during the year were investing in global listed securities, predominantly equities. There were no significant changes in the nature of those activities during the year.

FINANCIAL POSITION

For the period ended 30 June 2016, the Company recorded a pre-tax gain of \$7,568 and its net tangible assets (NTA) rose to \$2,546,525 before tax and \$2,566,225 after tax. The Company's financial position is set out in its Financial Statements at pages 22 to 42.

SIGNIFICANT CHANGES

There is no matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect: the Company's operations in future financial years; or the results of those operations in future financial years; or the Company's state of affairs in future financial years.

ENVIRONMENTAL ISSUES

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

OMISSIONS

The Company has not omitted from this report any prejudicial material that would otherwise be required to be included by law.

AFTER BALANCE DATE EVENTS

The Directors are not aware of any other events that would have significant impact on the operations of the Company.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company will continue to pursue its investment objectives for the long-term benefit of its shareholders. This will involve the continued review of its investment strategy, and may, from time-to-time, require some changes to that strategy. To achieve our investment objectives, we intend to invest the majority of the Company's capital (at cost) in global listed shares and to diversify risk by investing in other investments, including unlisted private companies.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly we do not provide a forecast of the likely results of our activities.

ADDITIONAL GENERAL INFORMATION

The Company has reported and released to the NSX an unaudited NTA valuation per share each month of the financial year ending 30 June 2016. Each of those monthly valuations is available at the following website: <http://www.nsga.com.au/summary/KGI>.

In accordance with Listing Rule 6.9, the Directors further report that, as set out above, the principal activities of the Company are investing in global securities. The Company has no child entities and does not form part of a group of companies.

The annual accounts for the period do not differ materially from any published forecast made

by the Company, of which there was none. None of the Directors are parties to service contracts between them and the Company.

Insofar as contracts of significance are concerned, those described in the Company's Prospectus dated 21 January 2015 remain in place, namely the Investment Management Agreement and the Deeds of Access, Indemnity and Insurance. These are contracts of significance in which the Company's Directors are or were materially interested either directly or indirectly and which subsisted during or at the end of the financial year.

All of the Company's Directors have agreed to waive any emoluments until 30 June 2016, and/or until such time as the net asset value of the Company exceeds \$5 million. There are no arrangements under which a shareholder has waived or agreed to waive any dividends. Below is a list of KGI's top 10 shareholders and the number of KGI fully paid ordinary shares that they hold.

SHAREHOLDER	SHAREHOLDING	
CLG Investments Pty Ltd	350,000	13.254%
Kaizen Capital Pty Ltd atf Kaizen Recap Fund I	305,000	11.550%
Airthrey Investments Pty Ltd	250,000	9.467%
Mr Patrick Flaherty	200,000	7.574%
Mr Edmunds and Ms Nissen atf Edmunds SMSF	152,356	5.770%
Intermondiale Pty Ltd	150,000	5.680%
Mr Simon Winfield	102,356	3.876%
Drs S Liew and T Saurine	100,000	3.787%
Mr C Grindlay	50,001	1.894%
Mrs J Winfield	50,000	1.893%

DIVIDENDS

No dividends or distributions were paid to members during the year; and no dividends or distributions were recommended or declared for payment to members, but not paid, during the year.

OPTIONS

On 27 February 2016 the options granted during the Company's initial public offering (NSX: KGIOA) expired and ceased to be listed on the NSX. None were exercised prior to expiry.

No other options have been granted over unissued shares or unissued interests during or since the end of the year. No options have been granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors); and granted to them as part of their remuneration. As at the day the report is made there are no unissued shares or interests under option. No shares or interests have been issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

INDEMNITIES

During the year the Company provided an indemnity to directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of KGI, other than conduct involving a wilful breach of duty in relation to the Company. The content of the insurance policy prohibits disclosure of the nature of the loss or liability indemnified, the indemnity limit or the amount of premium paid. The Company did not provide an indemnity to the auditors.

DIRECTORS, COMPANY SECRETARY AND AUDITOR

The following persons have been a director of the Company at all times during, or since, the end of the year:

- Connor Grindlay – appointed 26 September 2014
- Simon Winfield – appointed 26 September 2014 and re-elected at AGM on 25 November 2015
- Andre Edmunds – appointed 4 November 2014 and due for re-election at forthcoming AGM

KGI's company secretary at any time during the year was Lisa Grindlay.

For the relevant period, Martin Michalik was a director of Stantons International Audit and Consulting Pty Ltd (Stantons), that is the auditor of KGI, and was such a director at a time when Stantons undertook an audit of KGI.

Directors

CONNOR GRINDLAY

Managing Director and Chief Investment Officer

QUALIFICATIONS

Masters of Civil Engineering with European Studies, Credit Suisse training program, CFA UK Certificate in Investment Management, and Investment Management and Research (IIMR) Associate examinations.

EXPERIENCE

Connor Grindlay has been the Managing Director and Chief Investment Officer of KGI since 26 September 2014. He is also the Managing Director and founder of Kaizen Capital Pty Ltd (the Manager or Investment Manager for KGI). Prior to listing KGI, Connor worked with two Australian-based fund managers – 8 Investment Partners and Caledonia Investment (2010 – 2014); Millennium Capital Partners, a New York billion dollar fund (2008); Castlegrove Capital, a London-based global multi-strategy fund (2006 - 2008); and Trafelet, a multi-billion dollar US-based hedge fund (2004 - 2006). Connor also worked as an analyst at WestLB Panmure in London (2002) and co-founded hedgefundcity.com, an online media portal for the global hedge fund industry (2000).

SPECIAL RESPONSIBILITIES

As Managing Director of KGI his special responsibilities include making a declaration relating to statutory accounts under s 295A of the Corporations Act 2001. He is a member of the KGI Audit Committee and holds no other directorship in any other listed entities.

SIMON WINFIELD

Chairman

QUALIFICATIONS

MBA, and Graduate Certificate in Carbon Management.

EXPERIENCE

Simon Winfield is KGI's Chairman and has been a director since 26 September 2014. He has also been a director of the Manager since October 2009. Prior to joining Kaizen Simon was a director of a NSW-based agricultural technology company (2012 - 2016); Managing Director / Head of European Equity Sales at Bank of America (2001 – 2003); and in equities research sales at Credit Suisse (1990 – 2001). Simon also worked in UK equities for Grieseson Grant, Grant W Greenwell and UBS until 1990. He started his career in finance in 1979 at the London Stock Exchange.

SPECIAL RESPONSIBILITIES

As Chairman of KGI, Simon's special responsibilities include reporting to members and conducting shareholder meetings, acting as Trading Officer and as a member of the Audit Committee. He holds no other directorships in other listed entities.

ANDRE EDMUNDS

Non-Executive Director

QUALIFICATIONS

Bachelor of Aeronautical Engineering (Honours), Member of the British Computer Society, and Chartered IT Professional in Program and Project Management.

EXPERIENCE

Andre Edmunds is KGI's sole Non-Executive Director, and has been a director since 4 November 2014. He has been a director of a consultancy and executive advisory service company since March 2007; was a Member of the Australian Institute of Project Management (2006-2011); and performed the role of BCS Assessor for Membership Status (2009 and 2010).

Andre has experience in software development and pre-sales, project management, transformation, turnaround/rescue and mobilization programs. He has consulted to executive boards of small, medium and large companies, and government organisations. He has worked with AMP General Insurance, CSC Australia, Deloitte UK, Barclays, Toyota, Volkswagen, Cazenove Capital Management, Orange Sweden, Hutchison 3G, VirginMedia, Optus, Telstra, Downer, Foxtel, News Ltd, and Transport for NSW.

SPECIAL RESPONSIBILITIES

As a KGI director, Andre's special responsibilities include membership of the Board of Directors and Audit Committee. He holds no other directorships in any other listed entities.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the following board meetings were held:

	ELIGIBLE TO ATTEND	ATTENDED
Connor Grindlay	8	8
Simon Winfield	8	8
Andre Edmunds	8	8

MEETINGS OF THE AUDIT AND RISK COMMITTEE

The committee met once during the period with all three directors eligible to attend, and all three attended.

COMPANY SECRETARY

Lisa Grindlay BA, LLB (Hons) is the Company Secretary and was at all times during the period. Lisa has over 14 years of legal experience, gained as both a solicitor and barrister. She has been company secretary for KGI since September 2014, and for Kaizen Capital since October 2009.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to maintaining high standards of safety, performance and corporate governance for the Company and any entities it may control. To foster good corporate governance the Company has developed a set of core values and behaviours that underpins its activities and ensures transparency, fair dealing and protection of the interests of all stakeholders – including shareholders, personnel, suppliers and communities – with which it operates.

Below is a summary of the Company's full Corporate Governance Statement, which is available on the Company website.

BOARD OF DIRECTORS

In general the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board takes advice from the Audit Committee on matters within its Charter, however the Board retains final decision-making authority on those matters.

The Board will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the and procedures outlined in the Company's Constitution and the Corporations Act.

The Company's constitution requires one third of the Directors to retire at each Annual General Meeting. The Director(s) who retire under this rule are those who have held office the longest since last being elected or appointed. This rule does not apply to the Managing Director.

The Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The Company currently has two Executive Directors - the Managing Director and Chairman. The Board believes that the benefits to shareholders of a separate, independent Non-Executive Chairman, CEO and CFO does not outweigh the disadvantage of the real or perceived divergence of command and the additional remuneration and administrative expenses involved. However, the Board will periodically review whether it would be more appropriate to appoint an independent Non-Executive Chairman, CEO and CFO.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Board currently has one Non-Executive Director. The Board as a whole is satisfied that the Non-Executive Director brings an independent discretion to his deliberations, unaffected by the executive status of the Chairman.

MEETINGS OF THE BOARD

The Board holds regular meetings, and holds additional meetings whenever necessary to deal with specific matters requiring attention. Directors' circulatory resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

CONFLICTS OF INTEREST

To ensure that Directors are at all times acting in the interests of the Company, Directors must disclose to the Board actual or potential conflicts between the interests of the Director and those of

the Company; and if requested by the Board, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest, then the Director must absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (unless the law allows otherwise).

RELATED-PARTY TRANSACTIONS

Related-party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the NSX Listing Rules. Unless there is an exemption from the requirement to obtain shareholders' approval for the related-party transaction, the Board may not approve the transaction. The Company will also disclose related-party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

SHARE DEALINGS AND DISCLOSURES

The Company has adopted a Share Trading Policy, which applies to Directors and employees of the Company and contractors who have agreed to be bound by the policy. The policy is designed to explain the type of conduct in relation to dealings in the Company's securities that is prohibited under the relevant law and by the Company, including insider trading; and establish a procedure for buying, selling or otherwise dealing in the Company's securities.

INDEPENDENT PROFESSIONAL ADVICE

Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's

expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

AUDIT COMMITTEE

The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. It has an audit oversight function, with key responsibilities being to review and approve the audited annual and auditor reviewed half-yearly financial reports, to review reports from management and matters related to the external auditor and a risk management function. The Audit Committee currently comprises all members of the Board.

CEO AND CFO DECLARATIONS

The Company has a Managing Director and the Board has determined that (pursuant to section 295A(3) Corporations Act) the Managing Director is the appropriate person to make the CEO/CFO equivalent declaration in relation to the Company's financials.

EXTERNAL AUDITOR

The Company's external auditor is selected for its professional competence, reputation and the provision of value for professional fees. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

CONTINUOUS DISCLOSURE TO NSX

In accordance with the law, the Company continuously notifies the NSX of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

MARKET AND SHAREHOLDER COMMUNICATIONS

Shareholders own the Company. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to be aware of how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors must be able to ascertain the shareholders' views on matters affecting the Company.

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. Information is communicated to shareholders and the market through various means including the Company's website and social media presence, emails and notifications, and the NSX website.

RISK COMMITTEE

As a consequence of the size and composition of the Company's Board, the Board does not have a stand-alone Risk Committee. However, the

Company's Audit Committee has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues.

INTERNAL AUDIT

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, the expense of an independent internal auditor is not considered to be appropriate.

REMUNERATION COMMITTEE

Due to the nature and size of the Company, the Board does not currently have a Remuneration Committee with a remuneration and nomination function.

EQUITY-BASED REMUNERATION SCHEME

The Company does not have an Employee Share Option Plan (ESOP) and has not issued equity-based remuneration (including shares and options) to Directors or Senior Management.

REMUNERATION REPORT (AUDITED)

The board's policy for determining, or in relation to, the nature and amount of remuneration of the key management personnel for the Company was set out in the Company's Prospectus dated 21 January 2015 (Section 6.10), and remained unchanged during the period. Such policy states that the KGI directors will be entitled to receive a maximum total remuneration (including superannuation) of up to \$75,000 per annum to be divided amongst them in such proportion as they agree. However, the directors agreed to waive any fee that they would otherwise be entitled to until the earlier of 30 June 2016, or until such time as the net assets of the Company exceed \$5 million.

The board's remuneration policy is designed to keep the Company's operating costs down, and there is no relationship between the policy, and each member of the key management personnel for the Company and the Company's performance.

None of KGI's key management personnel receive remuneration, which consists of KGI securities in satisfaction of performance of their duties. Nor is their remuneration related to performance.

The Company's last annual general meeting (AGM) was held on 25 November 2015 and there was no discussion or any questions asked about the remuneration report considered at that AGM. The resolution in relation to the remuneration report for the financial year ending 2015 was passed on a show of hands with the requisite number of votes.

DETAILS OF REMUNERATION FOR PERIOD ENDED 30 JUNE 2016

The Company has three directors and one company secretary. Details of the remuneration for each officer of the Company was as follows:

2016	SALARY & FEES	SUPERANNUATION CONTRIBUTIONS	OTHER	TOTAL
Connor Grindlay	Nil	Nil	Nil	Nil
Simon Winfield	Nil	Nil	Nil	Nil
Andre Edmunds	Nil	Nil	Nil	Nil
Lisa Grindlay	Nil	Nil	Nil	Nil
Total				\$0

SECURITIES HOLDINGS – ORDINARY SHARES

Number of shares personally held by directors and company secretary

	BALANCE 30/06/15	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OTHER CHANGE*	BALANCE 30/06/16
Connor Grindlay	50,001	Nil	Nil	None	50,001
Simon Winfield	50,000	Nil	Nil	52,356	102,356
Andre Edmunds	5,000	Nil	Nil	None	5,000
Lisa Grindlay	25,000	Nil	Nil	None	25,000
Total					182,357

Number of shares in which directors have a joint or beneficial interest

	BALANCE 30/06/15	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OTHER CHANGE*	BALANCE 30/06/16
Connor Grindlay	375,000	Nil	Nil	None	375,000
Simon Winfield	55,000	Nil	Nil	None	55,000
Andre Edmunds	105,000	Nil	Nil	52,356	157,356
Total					587,356

SECURITIES HOLDINGS - OPTIONS

The combined number of options held personally, jointly and/or beneficially by the directors and company secretary

	BALANCE 30/06/15	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OTHER CHANGE*	BALANCE 30/06/16
Connor Grindlay	425,000	Nil	Nil	(425,000)	Nil
Simon Winfield	105,000	Nil	Nil	(105,000)	Nil
Andre Edmunds	110,000	Nil	Nil	(110,000)	Nil
Lisa Grindlay	25,000	Nil	Nil	(25,000)	Nil

* Unless otherwise specified "other change" refers to shares/options purchased or sold during the financial period.

Options were granted to the Directors and all shareholders of the Company during the Company's initial public offering. No options were granted to the Directors as part of their remuneration. No shares or interests have been issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests. No shares or interests in shares were issued as a result of exercise of options.

The Company's listed options, which expired on 27 February 2016, were:

HOLDINGS RANGE	HOLDERS	TOTAL UNITS	%
1 – 1,000	0	0	0.000
1,001 – 5,000	31	155,000	6.929
5,001 – 10,000	9	87,000	3.889
10,001 – 100,000	22	920,000	41.127
100,001 – 99,999,999,999	4	1,075,000	48.055
Totals	66	2,237,000	100.000

AUDITOR

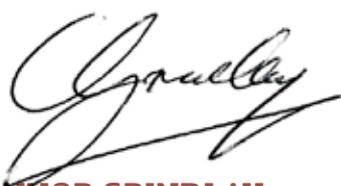
The auditor's independence declaration for the period ended 30 June 2016 has been received and may be found on page 44 of this report.

NON AUDIT SERVICES AND AUDITOR INDEPENDENCE

No amounts were paid or payable to the auditor for non audit services provided, during the year, by the auditor (or by another person or firm on the auditor's behalf).

DIRECTORS' DECLARATION

The above Directors' Report 29 August 2016 has been made in accordance with a resolution of the board of directors made on 29 August 2016 and is signed by:

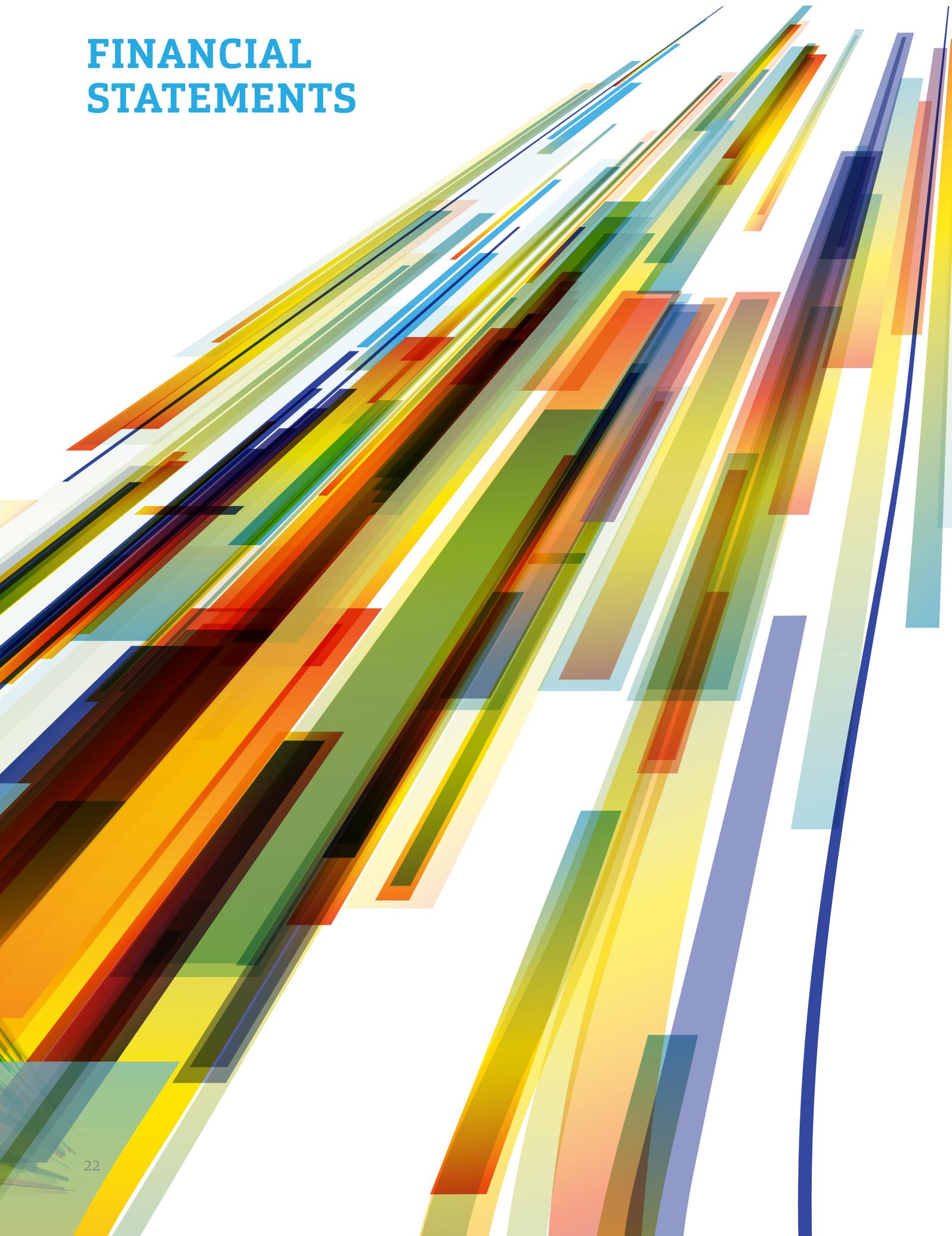


CONNOR GRINDLAY
Managing Director
29 August 2016



SIMON WINFIELD
Chairman
29 August 2016

FINANCIAL STATEMENTS



STATEMENT OF PROFIT OR LOSS

FOR YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$	2015 \$
Income from deposits	4	(9,360)	5,278
Income from dividends	4	28,970	7,097
Net changes to net fair value of investments	5	70,873	(31,512)
Total income from ordinary activities		<u>90,483</u>	<u>(19,137)</u>
Administration expenses	6	(82,915)	(19,082)
Operating profit/(loss) before income tax		<u>7,568</u>	<u>(38,219)</u>
Income tax benefit relating to ordinary activities	7	(3,295)	10,307
Profit/ (loss) attributable to members of the company		<u>4,273</u>	<u>(27,912)</u>
Other comprehensive income for the financial year		-	-
Total comprehensive income/(loss) for the financial year		<u>4,273</u>	<u>(27,912)</u>
Overall operations			
Basic Profit/(Loss) per share (cents per share)	13	0.184	(1.25)
Diluted Profit/(Loss) per share (cents per share)	13	0.184	(1.25)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT ENDING 30 JUNE 2016

ASSETS	NOTE	2016 \$	2015 \$
Cash and cash equivalents	8	868,423	205,735
Trade and other receivables	9	15,667	60,790
Financial assets held at fair value through profit and loss	10	2,179,113	2,018,397
Deferred tax assets	11	54,547	22,995
TOTAL ASSETS		<u>3,117,750</u>	<u>2,307,917</u>
LIABILITIES			
Trade and other payables	12	37,718	14,395
Financial liabilities held at fair value through profit and loss	10	478,960	117,060
Deferred tax liabilities	11	34,847	-
TOTAL LIABILITIES		<u>551,525</u>	<u>131,455</u>
NET ASSETS		<u>2,566,225</u>	<u>2,176,462</u>
EQUITY			
Issued capital	14	2,589,864	2,204,374
Accumulated losses		(23,639)	(27,912)
TOTAL EQUITY		<u>2,566,225</u>	<u>2,176,462</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2016

	ISSUED CAPITAL	ACCUMULATED LOSSES	TOTAL
2016	\$	\$	\$
Balance at 1.07.2015	2,204,374	(27,912)	2,176,462
Issued (net of costs)	385,490	-	385,490
Total comprehensive profit for the period	-	4,273	4,273
Balance at 30.06.2016	2,589,864	(23,639)	2,566,225
2015			
Balance on Incorporation	-	-	-
Total comprehensive loss for the period	-	(27,912)	(27,912)
	-	(27,912)	(27,912)
Transactions with Owners in their Capacity as Owners			
Issued	2,237,001	-	2,237,001
Cost of Equity	(32,627)		(32,627)
Balance at 30.06.2015	2,204,374	(27,912)	2,176,462

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest (paid)/received		(8,981)	5,866
Dividends Received		25,544	2,642
Payments to suppliers		(96,714)	(9,950)
Bank charges			(50)
Net cash (used in) operating activities	17	<u>(80,151)</u>	<u>(1,492)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases to acquire financial assets		(2,213,012)	(2,210,869)
Sales of Financial Assets		2,519,655	212,191
Net cash provided by (used in) investing activities		<u>306,643</u>	<u>(1,998,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Shares		385,490	2,237,001
Capital raising costs		-	(48,312)
Loan From Related Parties		(48)	799
Net cash provided by financing activities		<u>385,442</u>	<u>2,189,488</u>
Net increase in cash held		<u>611,934</u>	<u>189,318</u>
Cash at beginning of year		205,735	-
Effect of Exchange Rate Changes		50,753	16,417
Cash at end of year	8	<u>868,422</u>	<u>205,735</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR PERIOD ENDING 30 JUNE 2016

1. INCORPORATION AND ACTIVITIES

Kaizen Global Investments Limited (the Company) is an NSX Listed Investment Company (LIC) incorporated under the Corporations Act 2001 (the Corporations Law) on 26 September 2014. The principal activity of the Company is to generate long-term capital appreciation while preserving capital. The Company invests substantially in global listed equities. Kaizen Capital Pty Limited is the investment manager of the Company (the Investment Manager). The financial statements presented are for the year ended 30 June 2016. The comparatives stated are for the period from incorporation (26 September 2014) to 30 June 2015.

2. BASIS OF PREPARATION

The Financial Statements are general purpose financial statements which have been prepared in accordance with the Corporations Law and Accounting Standards and Interpretations, and other laws that apply to Accounting Standards including Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS). All Amounts are presented in Australian dollars unless otherwise noted.

The Financial Statements of the Company for the year ended 30 June 2016 were approved by the Directors on 29 August 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEW AND AMENDED STANDARDS AND INTERPRETATIONS EFFECTIVE AS OF 1 JULY 2016

The Company has not applied any Australian Accounting Standard or AASB132 interpretations that have been issued at Balance Date but not yet operative for the period ended 30 June 2016. The impact of such standards is immaterial. The Company will adopt new standards and interpretations when they become mandatory.

The Financial Statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in historical cost conventions

(a) Financial instruments

Financial instruments are classified as financial assets and financial liabilities at FVTPL in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". The category of financial assets and financial liabilities at fair value through profit or loss is sub-divided into:

- Financial instruments held-for-trading: Financial assets held-for-trading include equity securities and derivatives. These assets are acquired principally for the purpose of generating a profit from active trading and short-term fluctuation in price. All derivative instruments are classified as held-for-trading. Derivative financial instruments entered into by the Company do not meet the hedge accounting criteria as defined by IAS 39. Consequently, hedge accounting is not applied by the Company.

- Financial instruments designated as at FVTPL upon initial recognition: These include equity securities and debt instruments that are not held-for-trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The financial information about these financial instruments is provided internally on that basis to the Investment Manager and to the Board of Directors.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables in the financial statements comprise of balances with banks.

RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are initially recognised at cost, being the fair value of the consideration given. All transaction costs for such instruments are recognised in the statement of profit and loss and other comprehensive income. After initial recognition, these investments are remeasured at fair value with both realised and unrealised gains and losses recorded in the statement of profit and loss and other comprehensive income in “income from financial assets and financial liabilities at FVTPL”.

Loans and receivables that are not quoted in an active market are stated at original invoice amount less an allowance for any impaired amounts. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the carrying amount of the financial asset or liability.

TRADE DATE

All “regular way” purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase or sell the asset.

Realised gains and losses on investments are calculated by reference to the net proceeds received on disposal and the average cost attributable to those investments. Unrealised gains and losses are calculated by reference to the fair value and average cost attributable to those investments.

DERECOGNITION

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

- i. the rights to receive cash flows from the asset have expired;
- ii. the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay the cash flows received in full without material delay to a third party under a ‘pass through’ arrangement;
- iii. the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the

Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities at FVTPL is determined by reference to quoted market bid prices for financial assets and ask prices for financial liabilities at the close of business on the statement of financial position date.

IMPAIRMENT

The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as a credit loss expense.

(b) Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise of balances with banks, which have original maturities of less than ninety days. Cash and cash equivalents are short-term highly liquid assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Accrued expenses

Liabilities are recognised for amounts to be paid in the future for services received, whether billed or not. Accrued expenses are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

(d) Functional and presentation currency

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into \$AUD at the rate of exchange prevailing at the statement of financial position date. Any gains or losses on translation of monetary assets and liabilities are taken to Recognition and Measurement

Translation gains or losses on investments at FVTPL are included in the statement of comprehensive income under net charges on financial assets and financial liabilities at FVTPL.

(e) Interest income and expense

Interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

(f) Dividend income

Dividend is recognised when the right to receive the dividend is established.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are offset in the statement of profit and loss and other comprehensive income when it reflects the substance of the transaction or other event.

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Unless included in the effective interest calculation, fees and commission expenses are recognised on an accrual basis. Legal and audit fees are included within 'general and administrative expenses'.

(i) Net assets attributable to holders of Participating Shares

IAS 32 "Financial Instruments: Presentation" requires entities that issue financial instruments to classify such instruments as liabilities or equity in accordance with the substance of the contractual arrangement and the definitions contained within IAS 32 of a financial liability and equity instrument.

The issued by the Company provide the participating shareholders with the right to redeem their shares for cash equal to their proportionate share of the net asset value of the Company. Also, the private placement memorandum ("PPM") allows the Company to issue multiple classes of shares with varying terms on fees and redemption. As such, within the context of IAS 32, the Participating Shares issued by the Company are classified as financial liabilities.

The liability to participating shareholders is presented in the statement of financial position as net assets attributable to holders of Participating Shares" and is determined based on the residual assets of the Company after deducting the Company's other liabilities.

(j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in AASB 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

(k) Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

JUDGMENTS

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

GOING CONCERN

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

FUNCTIONAL CURRENCY

The primary objective of the Company is to generate returns in Australian Dollars ("AUD"). The operation of the Company is managed on a day-to-day basis in AUD. The Company's performance is evaluated in AUD. Therefore, the management considers the AUD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

ESTIMATES AND ASSUMPTIONS

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below. The Company based its estimates and assumptions on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

FAIR VALUE OF FINANCIAL INSTRUMENTS

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

The Company's investment in contract for difference requires inputs to the models in order to estimate the fair value of these financial instruments. The valuations of these instruments are provided by the broker considering liquidity and other inputs such as credit risk, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position. The Directors and management believe that the estimates utilised in arriving at the fair value of these financial instruments are reasonable and prudent; however, actual results could differ from these estimates

	2016	2015
	\$	\$
NOTE 4: OPERATING PROFIT BEFORE INCOME TAX EXPENSE		
Income from deposits		
Interest received	(9,360)	5,278
Total income from deposits	<u>(9,360)</u>	<u>5,278</u>
Income from Dividends		
Dividends income	28,970	7,097
Total Income from Dividends	<u>28,970</u>	<u>7,097</u>
Total revenue	<u>19,610</u>	<u>12,375</u>

NOTE 5: NET CHANGES TO NET FAIR VALUE OF INVESTMENTS

	2016	2015
	\$	\$
Realised gain/(loss)	(60,670)	(16,121)
Unrealised gain/(loss)	<u>131,543</u>	<u>(15,391)</u>
	<u>70,873</u>	<u>(31,512)</u>

NOTE 6: ADMINISTRATION EXPENSES

	2016	2015
	\$	\$
Accountancy fees	7,696	1,719
Auditor's remuneration	13,761	5,000
Nomad	10,250	513
Management fee	35,142	9,457
Share registry fees	10,253	2,343
Insurance	1,521	-
Compliance	1,627	-
Other expenses	2,665	50
Total administration expenses	<u>82,915</u>	<u>19,082</u>

	2016	2015
	\$	\$
NOTE 7: INCOME TAX EXPENSE		
The components of tax expense comprise		
Increase in current tax liabilities – other	-	-
Increase in deferred tax liabilities	(34,847)	-
(Increase) in deferred tax assets - other	31,129	22,995
Adjustments (WHT)	(1,390)	-
Tax on equity	906	(12,688)
Total tax expense	<u>(4,202)</u>	<u>10,307</u>

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank	868,423	205,735
	<u>868,423</u>	<u>205,735</u>

All cash investments are invested with Authorised Deposit Taking Institutions. Only part of the deposits are guaranteed by the Commonwealth of Australia. The credit risk exposure of the company in relation to cash and cash equivalents is the carrying amount and any unpaid accrued interest.

	2016	2015
	\$	\$
NOTE 9: TRADE AND OTHER RECEIVABLES		
Dividends receivable	7,883	4,455
Prepaid expenses	5,915	2,750
Due from Broker	-	49,410
Goods and services tax refund	1,869	4,175
	<u>15,667</u>	<u>60,790</u>

Receivables are non-interest bearing and unsecured. The credit risk exposure of the company in relation to receivables is the carrying amount. At the reporting date none of the trade and other receivables are past due.

	2016	2015
	\$	\$
NOTE 10: FINANCIAL ASSETS		
Financial assets held at fair value through the statement of profit or loss	2,179,116	2,018,397

Financial Assets are Exchange-traded securities (equities and options). The credit risk exposure of the company in relation to Financial Assets is the carrying amount.

Financial liabilities held at fair value through the statement of profit or loss		
Measured at fair value through profit or loss	478,960	117,060

Financial Assets are Exchange-traded securities (equities and options). The credit risk exposure of the company in relation to Financial Assets is the carrying amount.

	2016	2015
	\$	\$
NOTE 11: DEFERRED TAX ASSET AND LIABILITIES		
The deferred tax asset is made up of the following estimated tax benefits		
- Tax losses	44,578	5,690
- Temporary differences	9,969	17,305
	<u>54,547</u>	<u>22,995</u>

Deferred tax liabilities attributable to:

- Temporary differences	-	-
- Deferred capital gains tax	34,847	-
	<u>34,847</u>	<u>-</u>

	2016	2015
	\$	\$
NOTE 12: TRADE AND OTHER PAYABLES		
Interest	967	588
Accrued Dividends - Short	2,145	-
Management fee payable	3,452	5,149
Administration fees payable	753	194
Audit fee payable	5,000	5,000
Listing Fees Payable	-	2,515
Due to Broker	24,500	-
Other payables	901	949
	<u>37,718</u>	<u>14,395</u>

	2016	2015
	\$	\$
NOTE 13: EARNINGS PER SHARE		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,316,408	2,237,001
Weighted average number of options outstanding	-	2,237,000
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	2,316,408	2,237,001
	2016	2015
	\$	\$
- Profit/ (loss) attributable to members of the company	4,273	(27,912)
	Cents	Cents
a. Basic profit (loss) per share	0.184	(1.25)
b. Diluted profit (loss) per share	0.184	(1.25)

NOTE 14: ISSUED CAPITAL AND OPTIONS

Shares

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

DATE	DETAILS	ORDINARY SHARES NO.	PRICE \$	ISSUED CAPITAL \$
2016				
01.07.15	Balance	2,237,001	-	2,204,374
19.04.16	Issue	403,654	0.955	385,490
30.06.16	Balance	2,640,655	-	2,589,864
2015				
01.07.14	Balance	-	-	-
27.02.15	Issue	2,237,001	1	2,237,001
19.03.15	Issue costs (net)			(32,627)
30.06.15	Balance	2,237,001		2,204,374

All ordinary shares rank equally for all purposes of participation in profits or capital of the company. No Options have been exercised in the financial year. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and does not calculate a par value for issued shares.

Options

Movements in issued options during the financial year were as follows:

DATE	DETAILS	ORDINARY SHARES NO.	PRICE	ISSUED CAPITAL
			\$	\$
Date	Details			
01.07.15	Balance	2,237,001	-	-
27.2.16	Expired	(2,237,001)	-	-
		-	-	-
30.06.15	Balance	2,640,655	-	2,589,864

The Options entitle the holder to the issue of one ordinary share upon payment to the company of \$1.00 at any time up to 27th February 2016 at the reporting date the options had expired.

01.07.14	Balance	-	-	-
27.2.15	Issue	2,237,001	-	-
30.06.15	Balance	2,237,001	-	-

2016

\$

2015

\$

NOTE 15: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:

- auditing and reviewing the financial reports

14,000

5,000

NOTE 16: SEGMENT REPORTING

(A) DESCRIPTION OF SEGMENTS

The Board makes the strategic resource allocations for the Company. The Company has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for the Company's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

(B) SEGMENT INFORMATION PROVIDED TO THE BOARD

The internal reporting provided to the Board for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards.

The Board considers the Company's net asset backing per share after tax to be a key measure of the Company's performance.

	CENTS	CENTS
Net asset backing per share	97.18	97.29

NOTE: 17 CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with loss after income tax

	2016	2015
	\$	\$
Profit/ (loss) after income tax	4,273	(27,912)
Changes to net fair value of investments	(70,873)	31,512
(Increase)/decrease in trade and other receivables	(13,829)	(8,370)
Increase/(decrease) in trade payables and accruals	(3,017)	13,585
(Increase)/decrease in taxes payable	3,295	(10,307)
Cash flow from operations	(80,151)	(1,492)

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions with related parties.

Related Party	Ordinary Shares
Kaizen Capital Pty Ltd atf Kaizen Capital Recapitalization Fund I	305,000
Director: Connor Grindlay	50,001
CLG Investments Pty Ltd	350,000
Lisa Grindlay	25,000
Director: Simon Winfield	102,356
Jennifer Winfield	50,000
Georgia Winfield	5,000
Director: Andre Edmunds	5,000
Edmunds SMSF	152,356
Jenny Nissen	5,000

NOTE 19: CAPITAL AND RISK MANAGEMENT

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors is responsible for overall management of these risks. The Investment Manager's objective is to assess, continuously measure and manage the risks of the portfolio, according to the investment objective; the investment policy and the overall risk profile of the Company.

The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Company are discussed below.

(A) MARKET RISK

Market risk arises from fluctuations in equity prices, interest rates and foreign exchange rate.

(I) PRICE RISK

All investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Company's overall market positions are monitored on a regular basis by the Company's Investment Manager.

The Company's financial assets and financial liabilities at FVTPL are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Price risk sensitivity

The Manager's best estimate of the impact on operating profit and shareholders equity due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the following table. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

FINANCIAL ASSETS AT FVTPL	% CHANGE IN MARKET PRICE	IMPACT ON OPERATING PROFITS/SHAREHOLDERS EQUITY (AUD)	IMPACT IN % ON OPERATING PROFITS/SHAREHOLDERS EQUITY
FTSE 100 Index	+5%	13,933	0.54%
S&P 500	+5%	42,347	1.65%
Hang Seng Index	+5%	3,277	0.13%
S&P/ASX 200	+5%	24,349	0.95%
Swiss market	+5%	4,630	0.18%
Euro area names	+5%	-8,943	-0.35%
Norwegian market	+5%	3,277	0.13%
Canada	+5%	2,418	0.09%
Sweden	+5%	-781	-0.03%
Total change if all indices moved	+5%	85,008	3.31%

(II) INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of the financial instruments. The Company is exposed to interest rate risk only on its balances with banks.

The sensitivity of the Company's profit or loss for the year and the net assets attributable to holders of Participating Shares to a reasonably possible change in interest rates by 25 basis points, with all other variables held constant would have resulted in increase in interest income of AUD 1,693.

A decrease by 25 basis points would result in an equal but opposite effect on interest income to the figure shown above, on the basis that all other variables remain constant.

(III) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument denominated in foreign currencies may be affected favourably or unfavourably by fluctuations in currency rates.

The table below indicates the currencies to which the Company had significant exposure at 30 June 2016. The analysis discloses the Investment Manager's best estimate of the effect of a reasonably possible movement of 5% weakening of the Australian dollar against the listed currencies held, with all other variables held constant on the operating profits/Shareholders equity.

FINANCIAL ASSETS AT FVTPL	% CHANGE IN MARKET PRICE	IMPACT ON OPERATING PROFITS/ SHAREHOLDERS EQUITY (AUD)
CAD	5%	83
CHF	5%	8,275
EUR	5%	(367)
GBP	5%	15,334
HKD	5%	(2,028)
NOK	5%	70
SEK	5%	49
USD	5%	51,900

A strengthening of the Australian dollar by 5% would be expected to have the opposite effect to the table.

(B) LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company invests its assets in investments that are traded in an active market and can be readily disposed of. The Company's quoted securities are considered readily realisable. The Investment Manager monitors the Company's liquidity position on a daily basis. Credit and liquidity risks are measured prior to making an investment and during the holding period, and is reviewed whenever risk parameters might change or be impacted by internal or external events.

(i) Maturities of non-derivative financial liabilities

	LESS THAN 1 MONTH	1-6 MONTHS	6-12 MONTHS	OVER 12 MONTHS	TOTAL
30-Jun-16	\$	\$	\$	\$	\$
Payables	32,718	5,000	-	-	37,718
Contractual cash flows (excluding derivatives)	32,718	5,000	-	-	37,718

(C) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired or past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of Financial position.

The Company has a policy to maintain balances with reputed banks and brokers to minimize the counterparty risk. Credit risk is measured by the Investment Manager prior to making an investment and during the holding period, and is reviewed whenever risk parameters might change or be impacted by internal or external events.

Substantially all of the assets of the Company are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the custodian the Company uses.

The Standard and Poor's credit rating on the company's counterparties as 30 June 2016 are:

- Interactive Brokers LLC: BBB+ Outlook stable
- St. George bank Ltd (Westpac Group): AA- Outlook stable

(D) CAPITAL MANAGEMENT

The Company's objective in managing capital and investment is to maximize compound after-tax returns for shareholders by investing in a predominantly global equity portfolio. The Company recognises that its capital position and market price will fluctuate with market conditions, and in order to adjust the capital structure it may vary the amount of dividends paid, issue new shares or options from time to time or buy back its own shares.

A breakdown of the Company's equity and changes in equity during the current year is provided in note 14: Issued capital and options.

NOTE 20: DIRECTORS AND EXECUTIVES' DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No. 4) the Company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading 'Remuneration Report'.

NOTE 21: SUBSEQUENT EVENTS

There are no subsequent events that require disclosure post 30 June 2016.

DIRECTORS' DECLARATION

In accordance with the resolution of directors of Kaizen Global Investments Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 22 to 42, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the period ended on that date of the Company;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the directors have been given the declarations required by s295A of the Corporations Act 2001 that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and

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

Signed on behalf of the directors by



CONNOR GRINDLAY

Director

29 August 2016

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty
Ltd trading as

Stantons International

Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

29 August 2016

Board of Directors
Kaizen Global Investments Limited
Suite 409
350 George Street
Sydney NSW Australia 2000

Dear Sirs

RE: KAIZEN GLOBAL INVESTMENTS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Kaizen Global Investments Limited.

As Audit Director for the audit of the financial statements of Kaizen Global Investments Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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



Martin Michalik
Director

Liability limited by a scheme approved under
Professional Standards Legislation

Member of Russell Bedford International



INDEPENDENT AUDIT REPORT

Stantons International Audit and Consulting Pty
Ltd trading as

Stantons International

Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

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Fax: +61 8 9321 1204

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAIZEN GLOBAL INVESTMENTS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Kaizen Global Investments Limited, which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year ended 30 June 2016, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation

of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Kaizen Global Investments Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in page 19 to 21 of the directors' report for the period ended 30 June 2016. 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.

Auditor's opinion

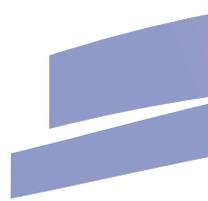
In our opinion the remuneration report of Kaizen Global Investments Limited for the period ended 30 June 2016 complies with section 300 A of the Corporations Act 2001.

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



Martin Michalik
Director
West Perth, Western Australia
29 August 2016





Suite 409, 350 George Street
Sydney NSW 2000
T: 02 790 30007
www.kaizenglobalinvestments.com