Wealth Defender Equities

ANNUAL REPORT

FOR THE PERIOD ENDING 30 JUNE 2016

Wealth Defender Equities Limited
ACN 602 517 528

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CHAIRMAN'S LETTER

Dear Shareholders,

This is my second annual report to you as Chairman of Wealth Defender Equities Limited. I am also pleased to be able to announce a final dividend for the year of 2.0 cents per share, fully franked, making our full year dividend a total of 3.0 cents per share fully franked.

2015-16 was a tough year for Australian share-market investors generally and "value" investors in particular. Our profit for the year to 30 June 2016 was $1,655,758. However, your Directors believe that the best measure of performance is to compare the movement in pre-tax Net Asset Value (NAV) per share with dividends reinvested against the Company's benchmark, the S&P/ASX 300 Shares Accumulation Index.

On this basis, our return for the year (movement in pre-tax NAV allowing for dividends) was down 8.04% compared to the benchmark which returned 0.87%. This resulted in the company underperforming by 8.9%.

This underperformance can be attributed to three main factors as follows:

1. The stock portfolio underperformed the market.
2. The cost of portfolio protection was higher than our budget.
3. Management expenses.

Let me address each of these in turn.

1. STOCK PORTFOLIO UNDERPERFORMANCE

As you know, our Manager, Perennial Value Management, has established itself over the last 16 years as one of the premier "value" investment houses in Australia. Unfortunately, this investment style was not rewarded in 2015-16 and as a result, our stock portfolio underperformed the broad market index. Some of the key positive drivers for the Australian market in 2015-16 were the "defensive" sectors such as Utilities, Healthcare and REITS. Our Manager found stocks in these sectors very expensive and as a result, our portfolio was underweight. Meanwhile, our exposure to blue chip mining stocks and banks detracted from our returns; although the banks still delivered strong dividend flow.

Your Board is disappointed with this result. However Perennial Value is a value manager and has demonstrated an ability to add value through stock selection over the medium and long term. We are confident that their value investing approach will deliver over a market cycle and do not see the need to depart from their true style in response to a one-year outcome.

2. THE COST OF PORTFOLIO PROTECTION

The Company's investment portfolio was designed with a built-in "airbag" to protect portfolio performance in the event of a sudden and sharp fall in markets. Over the longer term we believe that this investment in protection should cost between 1% and 2% per annum. However over the last financial year, the actual cost exceeded this estimate and came in at 2.4% for the year. Why was this?

2015-16 was a somewhat strange year in that overall market performance was almost flat for the year but quite volatile – movements of up to 8% in some months being partially or completely reversed in the next month. Our dynamic hedging strategy did work well in the negative months, but was never fully tested as the sudden and sharp sustained fall never occurred. Importantly, in the positive months, we still had protection in place.

The overall flat outcome over the year, combined with high volatility during the year, is probably the worst set of circumstances for a dynamic hedging strategy and we saw this reflected in the overall cost of the program.

3. MANAGEMENT EXPENSES

Unlike our benchmark, our portfolio pays management fees. We have this in common with all actively managed portfolios and we do not resile from this fact.

Some expenses, such as ASX listing fees, were particularly high in the first full year of operation and we do not expect these to be so large going forward.

Also, a number of the key operational expenses of the Company are relatively fixed in that the expense will not increase as the size of the Company does. Therefore, the best way to reduce these expenses, as a percentage of the portfolio, is to grow the Company. Your Directors have discussed this issue at length and we are united in our desire to grow the Company and so reduce the impact of these expenses as soon as circumstances allow.

In summary, the Board would prefer to be reporting a better performance outcome for Wealth Defender Equities Limited in the 2016 financial year, but let me finish by summarising the positives:

- We delivered to shareholders a total dividend of 3.0 cents per share fully franked in our first full year of operation.
- Our equity performance was in line with other Perennial Value Management portfolios and value managers generally.
- The airbag did work, though given the nature of the market at a slightly higher cost than we expect over the longer term.

We look forward to a kinder year from the markets in 2016-17.

Alan Schoenheimer
Chairman

Sydney
25 August 2016

PORTFOLIO MANAGER'S REPORT

Performance as at 30 june 2016	1 Year (%)	Since inception^ (% p.a.)
WDE*	–6.5	–7.1%
S&P/ASX 300 Accumulation Index	0.9	–1.5%
Out/Underperformance	–7.3	–5.6%

^ Inception date 21 May 2015. *Performance relates to the underlying investment portfolio and is before fees and tax

For the 12 months to 30 June 2016, the S&P/ASX300 Accumulation Index (the Index) delivered a modest positive return of 0.9%. Over this period, the Company's investment portfolio delivered a total return of negative 6.5%, underperforming the index by 7.3%. While we are disappointed to have underperformed the benchmark, the majority of the underperformance was attributable to the stock portfolio, where our value style of investing faced significant headwinds. The portfolio protection performed in line with expectations. The annual cost of protection of 2.4% (included above as part of the negative 6.5% return) however was slightly above our long term target due to unusually high levels of market volatility over the year. The many global uncertainties which challenged investors during the year could at any point have led to major market falls. In such circumstances, we felt it prudent to maintain targeted levels of protection, notwithstanding that it came at a somewhat higher cost.

Globally, the year was dominated by ongoing macroeconomic uncertainty, with concerns around slowing Chinese growth, threats of deflation, the emergence of negative interest rate policies and ongoing political instability, culminating with the unexpected Brexit result. Major markets were mixed with the S&P500 up 1.7%, FTSE100 down 0.3%, Nikkei 225 down 23.0% and Shanghai Composite down 31.5%. Commodity prices were generally lower although they staged a significant rally over the second half, the major banks were down on average 10.9% and the gold price was very strong.

In Australia, the housing and tourism sectors were particularly strong. This saw Gross Domestic Product (GDP) for the year to March 2016 grow at 3.1% and the unemployment rate declining to 5.7%. However, ongoing low income growth and inflation saw the Reserve Bank of Australia (RBA) reduce the cash rate to 1.75% in May (and subsequently to 1.50% in August 2016) and the Australian dollar closed the year down 2 cents to 75 US cents.

Defensive stocks continued to attract strong interest amongst investors, notwithstanding they trade on expensive valuations. Sectors such as REITs (up 24.6%) utilities (up 24.4%) and healthcare (up 21.1%) have all significantly outperformed the market over the last 12 months. This has pushed the valuations of stocks in these sectors to very high levels. Examples of these types of stocks include Sydney Airport (up 45.0%), Transurban (up 34.3%), GPT (up 31.8%) and CSL (up 31.7%). As a true-to-label value manager, we have generally not held these stocks and sectors as they simply do not stack up on our valuation criteria. This has significantly impacted our performance over the period with stocks not held being the largest contributor to underperformance relative to benchmark. In general, value managers globally have suffered a similar fate.

Notwithstanding the headwinds above, some of our stocks were strong performers, particularly in the mid-cap area. Key positive contributors to performance included Aristocrat Leisure (up 82.9%), Asciano (up 35.3%) which was the subject of a takeover offer, AGL Energy (up 28.3%) which is undergoing operational improvement and Event Hospitality (up 19.8%, formerly Amalgamated Holdings) which is exposed to the strengthening tourism sector. Other stocks which made a significant positive contribution included Navitas (up 32.6%) and small-caps Metcash (up 72.0%), SmartGroup (up 168.9%) and Emerchants (up 122.8%).

Stocks which detracted from performance over the year included energy stocks Origin Energy (down 42.0%) and Woodside Petroleum (down 17.2%) on the lower oil price. Woolworths (down 18.2%) and News Corp (down 13.2%) also detracted and Financial stocks were also generally weaker, with QBE Insurance (down 20.0%) and Clydesdale Bank (down 20.0%) both impacted by Brexit uncertainty. We remain comfortable with the medium-term outlook for each of these companies.

Our protection overlay is designed to ensure the portfolio is cushioned against a significant, sharp fall in markets. Fortunately, we did not see a sustained sell-off in markets over the period though the relatively flat overall performance of the market belies the very high level of volatility experienced during the year. For example, the Australian Volatility Index ("AVIX") averaged 19.8% in FY16 compared to 14.4% in FY15. As a result, the cost of protection over the period, at 2.4%, was slightly higher than our long-term expectation of 1 to 2% per annum.

It was pleasing to see, however, that in shorter periods, where the market declined more than 5%, the protection overlay provided significant cushioning. For example, in August 2015, when the market was down 11.7% at its low, the protection overlay had added 4.1%, offsetting 35% of the fall. Similarly, in January 2016, when the market was down 8.2%, the overlay had added 2.5%, offsetting 30% of the decline. In both instances, the market subsequently rallied. However, had it continued to decline sharply, the overlay would have offset an ever-increasing proportion of the market's fall.

PORTFOLIO POSITIONING

At year end, the portfolio held positions in stocks which are expected to benefit from key themes including the continued strength of the housing cycle, such as Harvey Norman, Lend Lease and Stockland and the expected increase in infrastructure investment, such as Boral. We also held a number of stocks with significant offshore earnings, such as Aristocrat Leisure, Henderson Group, Resmed and Macquarie Group. In addition to their financial soundness from a balance sheet perspective and positive medium term earnings outlook, this group of stocks would significantly benefit were the Australian dollar to weaken from current levels.

The portfolio also holds Crown Resorts and Event Hospitality, whose domestic hotel businesses are benefitting from a pick-up in inbound tourism. The portfolio also holds positions in a number of turnaround stocks which are undergoing operational improvement and should see earnings improvement regardless of the external environment, such as AGL Energy, AMP, QBE Insurance and Woolworths. We also have positions in the larger resource stocks, where we see management focussing on costs and cash flow and see good long-term value as commodity prices stabilise. We have reduced our holdings in the major banks where we see a number of headwinds building, including margin pressure, rising bad debts and higher capital requirements. We continue to avoid the "expensive defensive" sectors of the market where we do not see good investment value such as healthcare, utilities and REITs.

The portfolio also has a meaningful bias away from the larger end of the market, as shown by our weighting to the top-50 of 63.9% compared to the index weight of 78.1%.

The overall portfolio continues to exhibit our true to label value characteristics, with the portfolio offering better value than the overall market on each of our four valuation characteristics; price to earnings, price to free cash flow, gross dividend yield and price to net tangible assets.

INVESTMENT OUTLOOK

The 2016 financial year has been very difficult both in Australia and globally, for true-to-label value investors such as Perennial Value. What is clear to us, however, is that value as a style is a proven performer over the long term, as is our investment process. This is reflected in the long term outperformance of 2.9% per annum above benchmark over 16 years of the Perennial Value Australian Shares Trust, which substantially forms the basis of the stock component of the Wealth Defender Equities Limited Equity Portfolio. There have been periods where we have seen value perform poorly in the past, such as at the tail end of the pre-financial crisis boom and during the 2012 flight to safety. However, on each occasion, we have remained disciplined, stayed true to our process and have been rewarded by subsequent good performance.

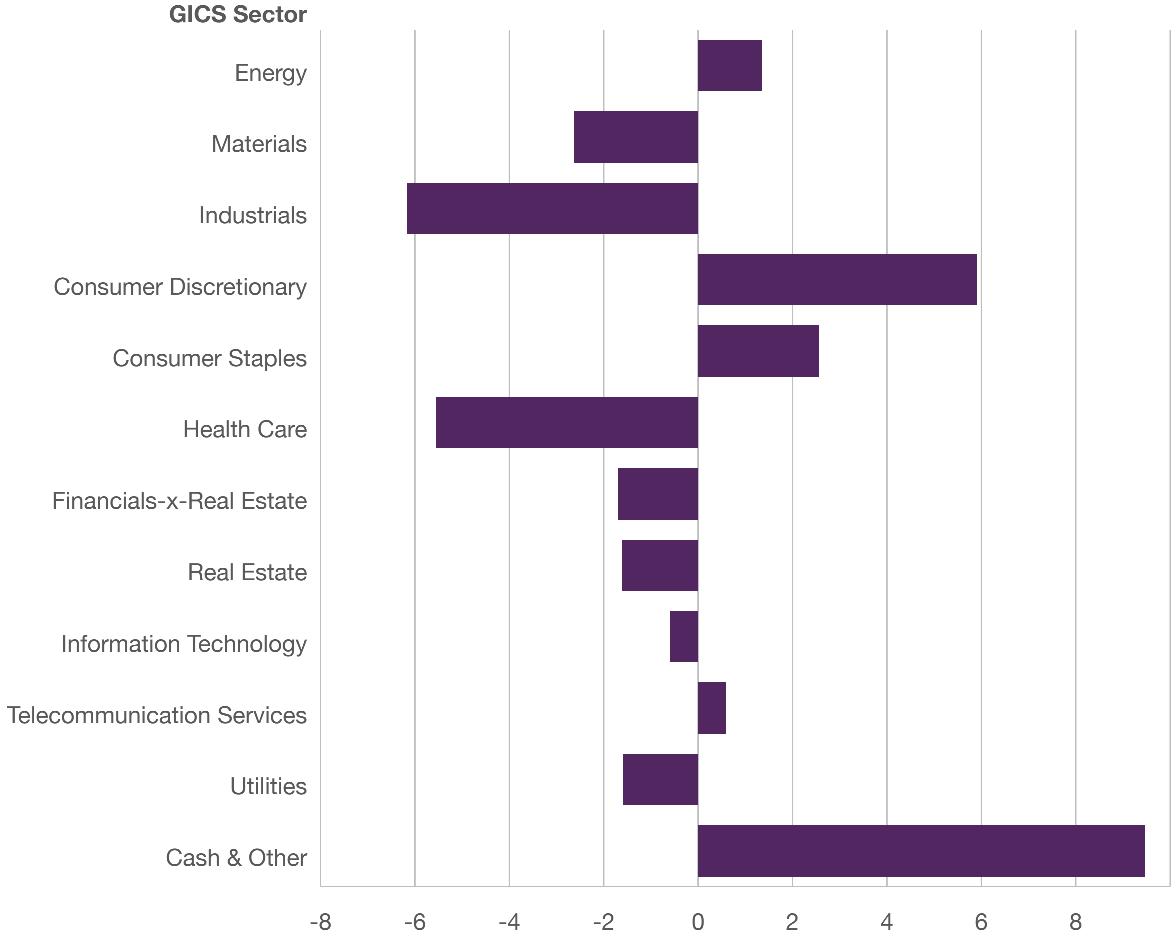
Our guiding principle is that, while macro influences and investor sentiment ebb and flow, remaining prudent and not overpaying for stocks is the most certain path to long-term outperformance. While certain stocks and sectors may be desirable for their perceived certainty of growth or defensiveness, the reality is that the level of risk in an investment is largely a function of the price paid. Paying too high a price for any investment leaves little margin for safety, exposing the investor to significant downside risk.

We believe that, just as a long-term investment in the stock market is required to fully realise the benefits of dividend income and capital growth, long-term adherence to a proven investment style is also required to fully realise its outperformance potential.

As a result, we retain our consistent focus on investing in quality companies, with strong balance sheets, which are offering attractive valuations and therefore an appropriate margin for safety and, at the same time, carrying a cost-efficient level of overall market protection sufficient to reduce the magnitude of significant negative returns during sharp equity market falls.

STOCK HOLDINGS ACTIVE SECTOR EXPOSURES

As at 30 June 2016, key active positions and sector exposures were as follows:



Source: Perennial Value Management.

WDE: Top 20 Holdings

Stock Exposure Analysis as at 30 June 2016

	Stock name	Portfolio Weight %	Index Weight %
1	Commonwealth Bank of Australia Limited	6.70%	9.07%
2	Telstra Corporation Limited	6.06%	4.83%
3	Westpac Banking Corporation	5.72%	6.97%
4	BHP Billiton Limited	5.22%	4.26%
5	National Australia Bank Limited	4.89%	4.78%
6	Australia & New Zealand Banking Group Limited	4.54%	5.01%
7	Wesfarmers Limited	3.89%	3.21%
8	Woolworths Limited	3.20%	1.90%
9	Woodside Petroleum Limited	3.10%	1.38%
10	Westfield Corporation Limited	2.80%	1.45%
11	AMP Limited	2.78%	1.09%
12	Macquarie Group Limited	2.63%	1.67%
13	QBE Insurance Group Limited	2.35%	1.01%
14	Rio Tinto Limited	2.33%	1.37%
15	Stockland Property Trust	2.08%	0.80%
16	Suncorp–Metway Limited	1.95%	1.11%
17	Lendlease Group	1.74%	0.48%
18	Graincorp Limited	1.68%	0.11%
19	Harvey Norman Holdings Limited	1.61%	0.20%
20	Crown Resorts Limited	1.60%	0.34%

Source: Perennial Value Management.

PORTFOLIO COMPOSITION – TOP 20 HOLDINGS

AS AT 30 JUNE 2016

EQUITIES IN LISTED COMPANIES

Company name	Value AUD
Commonwealth Bank of Australia Limited	7,247,728
Telstra Corporation Limited	6,555,023
Westpac Banking Corporation	6,195,168
BHP Billiton Limited	5,654,792
National Australia Bank Limited	5,297,857
Australia & New Zealand Banking Group Limited	4,909,674
Wesfarmers Limited	4,205,808
Woolworths Limited	3,458,987
Woodside Petroleum Limited	3,355,778
Westfield Corporation Limited	3,031,544
AMP Limited	3,012,289
Macquarie Group Limited	2,843,503
QBE Insurance Group Limited	2,544,013
Rio Tinto Limited	2,519,380
Stockland Property Trust	2,255,327
Suncorp–Metway Limited	2,115,508
Lendlease Group	1,888,186
Graincorp Limited	1,813,344
Harvey Norman Holdings Limited	1,743,313
Crown Resorts Limited	1,729,613
Total	**72,376,835**

Source: Perennial Value Management.

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance for a company of its size and standing, in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**the Recommendations**).

The Board considers that, due to the size and stage of development of the Company and its operations, it is not practicable or necessary to implement the Recommendations in their entirety. In such instances, the Company has identified areas of divergence, or alternative practices adopted.

The Board has established a series of policies and charters in line with the Recommendations. The Company's Policies and Charters together form the basis of the Company's governance framework.

In accordance with the Recommendations, the Company has made its corporate governance policies and charters publicly available on its website: www.wealthdefenderequities.com.au under 'Corporate Governance'.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Wealth Defender Equities Limited ("the Company") for the year ended 30 June 2016.

DIRECTORS

The following persons held office as Directors of the Company during the financial year:

Alan Schoenheimer (Chairman)

Paul Clitheroe (Non-Executive Director)

Richard Morath (Non-Executive Director)

Anthony Patterson (Executive of the Manager and Director)

John Murray (Executive of the Manager and Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Company included making investments mainly in listed large, mid and small cap Australian companies.

There was no significant change in the nature of the activity of the Company during the year.

REVIEW OF OPERATIONS

The Company's loyalty options, which vested on 23 November 2015, have been quoted by ASX and commenced trading on 2 December 2015 (ASX: WDEO). The Loyalty Options are exercisable at $1.00 and expire on 23 November 2016.

The Company's investment strategy is to actively manage allocations between equities, derivatives and cash throughout market cycles with the aim of enhancing the long term performance outcomes by maximising returns when markets rally and cushioning the magnitude of significant losses when markets fall.

The Company's investment portfolio comprises mainly equities in listed large, mid and small cap Australian companies, with the remainder in cash and derivatives.

Investment operations over the year ended 30 June 2016 resulted in a comprehensive loss, net of tax of $5,424,490 (2015: $1,583,587) and an operating profit after tax of $1,655,758 (2015: $724,994).

NTA PERFORMANCE

Over the year the movement in Net Asset Value per share (before tax) with dividend reinvested was down 8.4% which compared unfavourably with the Company's benchmark, the S&P ASX 300 Accumulation Index which returned 0.87% for the 12 months. The Directors believe that the movement in pre-tax NTA (adjusted for dividends) is the most appropriate benchmark by which shareholders should gauge the performance of the company.

The Net Tangible Asset backing for each ordinary share at 30 June 2016 amounted to $0.86 per share before tax (2015: $0.95 per share).

The Net Tangible Asset backing for each ordinary share at 30 June 2016 amounted to $0.91 per share after tax (2015: $0.96 per share).

DIVIDENDS

A fully-franked interim dividend of 1.0 cents per share was paid on 29 April 2016. Option holders who elected to exercise all or part of their options by the close of business on 1 April 2016 were entitled to receive the fully-franked dividend.

The Directors of the Company announced that the Company's Dividend Reinvestment Plan ("DRP") applied to the payment of the dividend. The subscription price for shares issued under the DRP was determined on the volume weighted average market price at which the shares were traded on the 5 days up to and including, 15 April 2016 and included a 2.5 percent discount. All existing and new shareholders who were on the Company's register at the record date of 8 April 2016 were eligible to participate in the DRP.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to year-end, the Company declared a final fully-franked dividend of 2.0 cents per share to be paid on Friday, 30 September 2016.

This brings the total dividends paid for the last twelve months to 3.0 cents per share.

Apart from the dividends declared subsequent to year-end, no other matter or circumstance has occurred subsequent to year 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 years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to pursue its investment objectives for the long term benefit of the members. This will require continual review of the investment strategies that are currently in place and may require changes to these strategies to maximise returns.

ENVIRONMENTAL REGULATION

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

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

INFORMATION ON DIRECTORS

Director	Experience and expertise
Alan Schoenheimer *Chairman*	Alan Schoenheimer has deep knowledge of the global funds management industry having most recently held senior fund management director roles in Australia, New Zealand, Europe (Ireland), Japan, Singapore, Korea and China while working with Russell Investments ("Russell"). Early in his career, he worked for various petrochemical enterprises as a design engineer in Australia, UK, USA and South Africa. **Other current directorships** Alan is currently a director of Russell Investment Management Ltd. **Former directorships in last 3 years** Alan's past directorships include Russell Investments Ireland Ltd, Russell Investments Japan, Russell Investments New Zealand, Russell Investments Singapore and Ping An Russell (Shanghai) Joint Venture in China. **Special responsibilities** Chairman of the Board and member of the Audit & Risk Committee. **Interests in shares and options** Details of Alan's interests in shares of the Company are included later in this report. **Interests in contracts** Alan has no interests in contracts of the Company.

Director	Experience and expertise
Paul Clitheroe AM *Non-Executive Director*	Paul Clitheroe has had an extensive career within the financial services industry as a company director, key practitioner and also educator. In 1983 along with four partners, he established ipac Securities Limited, one of Australia's first fee for service advisory groups. Ipac today manages $17 billion. **Other current directorships** Paul is also Chairman of the Australian Government Financial Literacy Board, Chairman RADD, Chairman of Money Magazine and the Clitheroe Foundation; a Director of ipac Securities/Ipac Asset Management, Philanthropy Australia, the University of Sydney Medical Foundation and the Chairman of ASX listed entities InvestSMART Group Limited and Monash Absolute Investment Company Limited. **Former directorships in last 3 years** Apart from being a Director of InvestSMART Group Limited and Monash Absolute Investment Company Limited, Paul has not held any other directorships of listed companies within the last 3 years. **Interests in shares and options** Details of Paul's interests in shares of the Company are included later in this report. **Interests in contracts** Paul has no interests in contracts of the Company.
Richard Morath *Non-Executive Director*	Richard Morath has over 40 years experience in life insurance, funds management, banking and financial planning. He started his career in senior banking roles in the Commercial Banking Company of Sydney and State Bank of NSW and was then appointed as Managing Director of the Australian Bank. **Other current directorships** Richard is currently non executive director and chairman of the Advice & Licences Boards of all Financial Planning companies in NAB/MLC and Chairman of National Australia Trustees. He is also a director of JANA Investment Advisors Limited, BNZ Life, BNZ Insurance, BNZ Investments Services Limited, NW MH NZ Limited, GWM Advisor Services, Godfrey Pembroke, Meritum and National Australia Trustees and of ASX listed Platinum Capital Limited (as well as being Chair of its audit committee). **Former directorships in last 3 years** His past directorships between 1988 and 2014 include MLC Limited (Life Company), MLC Investments Limited, (Responsible Entity & Manager), Medfin Limited (Chairman) and various MLC Superannuation Trustee Boards and Plum Financial Services Limited. **Special responsibilities** Chairman of the Audit & Risk Committee. **Interests in shares and options** Details of Richard's interests in shares of the Company are included later in this report. **Interests in contracts** Richard has no interests in contracts of the Company.

Director	Experience and expertise
Anthony Patterson *Executive of the Manager and Director*	Anthony Patterson is an Executive Director of Perennial Value. Anthony started with Perennial Investment Partners Limited in April 2001 as Head of Sales and Marketing and was promoted to Managing Director/ Chief Executive Officer from May 2003. During his period as Chief Executive Officer, Perennial Investment Partners Limited became Australia's largest boutique investment management firm. Anthony stood down from this position in March 2012 to focus his attention on Perennial's largest boutique, Perennial Value Management where he serves as an Executive Director. **Other current directorships** Anthony is a Director of Perennial Value Management Ltd, Perennial Value Smaller Companies Pty Ltd and Perennial Value Wealth Defender Pty Ltd. **Special responsibilities** Investment Manager of the Company. **Interests in shares and options** Details of Anthony's interests in shares of the Company are included later in this report. **Interests in contracts** Details of Anthony's interests in contracts of the Company are included later in this report.
John Murray *Executive of the Manager and Director*	John Murray established Perennial Value in January 2000 and has some 29 years of experience in the funds management industry. He is one of Australia's most respected value investors and has built a stable team of investment professionals who have consistently delivered good results for investors. **Other current directorships** John is a Director of Perennial Value Management Ltd, Perennial Value Smaller Companies Pty Ltd and Perennial Value Wealth Defender Pty Ltd. **Former directorships in last 3 years** John has not held any other directorships of listed companies within the last 3 years. **Special responsibilities** Investment Manager of the Company and Member of the Audit & Risk Committee. **Interests in shares and options** Detail of John's interests in shares of the Company is included later in this report. **Interests in contracts** Details of John's interests in contracts of the Company are included later in this report.

COMPANY SECRETARY

Sarah Prince has over 10 years experience as a solicitor and governance professional and currently works for Company Matters Pty Limited. Previously, Sarah worked in the Board Advisory Services division of KPMG.

Sarah holds a BA LLB from University of Tasmania and is an Associate of The Governance Institute of Australia.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

			Meetings of committees	
	Directors' Meetings		Audit	
	A	B	A	B
Alan Schoenheimer	5	5	2	2
Paul Clitheroe	4	5	*	*
Richard Morath	5	5	2	2
Anthony Patterson	5	5	*	*
John Murray	5	5	2	2

A = Number of meetings attended

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

* Not a member of the relevant committee

The Company does not currently have a Remuneration and Nomination Committee as the functions to be performed by those Committees are best undertaken by the Directors due to the size of the Company.

REMUNERATION REPORT (AUDITED)

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

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

Directors' base fees are set at an aggregate maximum of $250,000 per annum. Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main Board activities and membership of committees. Under the ASX Listing Rules, the maximum fees paid to Directors may not be increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate.

Details of remuneration

The following tables show details of the remuneration received by the Directors of the Company for the current financial year.

2016	Short term employee benefits	Post-employment benefits	
Name	Salary and fees $	Superannuation $	Total $
Non-executive Directors			
Alan Schoenheimer *	**57,200**	**–**	**57,200**
Paul Clitheroe *	**49,500**	**–**	**49,500**
Richard Morath	**41,096**	**3,904**	**45,000**
Sub-total non-executive directors	**147,796**	**3,904**	**151,700**
Executive Directors			
Anthony Patterson	**–**	**–**	**–**
John Murray	**–**	**–**	**–**
Total compensation	**147,796**	**3,904**	**151,700**

2015	Short term employee benefits	Post-employment benefits	
Name	Salary and fees $	Superannuation $	Total $
Non-executive Directors			
Alan Schoenheimer *	24,617	–	24,617
Paul Clitheroe *	21,303	–	21,303
Richard Morath	17,686	1,680	19,366
Sub-total non-executive directors	63,606	1,680	65,286
Executive Directors			
Anthony Patterson	–	–	–
John Murray	–	–	–
Total compensation	63,606	1,680	65,286

* Figures include GST

The Company has no employees other than Executive and Non-Executive Directors and therefore does not have a remuneration policy for employees.

The Directors are the only people considered to be key management personnel of the Company.

The Company outsources the company secretarial function to Company Matters Pty Limited.

Director Related Entity Remuneration

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

Anthony Patterson and John Murray are both Directors of Perennial Value Management Limited ("Perennial Value"), the entity appointed to manage the investment portfolio of the Company.

Perennial Value, in its capacity as Manager, earned management fees amounting to $1,133,198 (inclusive of GST but net of reduced input tax credit) for the year (2015: $137,247).

The management fee is calculated at 0.98% per annum (plus GST) of the first $250 million of the net asset value of the portfolio and 0.8% per annum thereafter.

As at 30 June 2016, the balance payable to the Manager was $114,499 (2015: $147,289) (including GST).

In addition, Perennial Value is to be paid, annually in arrears, a performance fee of 15% (exclusive of GST) of the portfolio's outperformance of the benchmark over the performance calculation period. Full details of the terms of the performance fee calculation are disclosed in Note 21 to the financial statements.

There was no performance fee earned by the Manager during the year ended 30 June 2016 (2015: $143,083).

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

Remuneration of Executives

There are no executives paid by the Company. Anthony Patterson and John Murray are both considered Executive Directors on the basis that they are Directors of Perennial Value Management Limited and due to their role as investment managers in that entity, are integrally involved in the operations of the Company.

Equity Instrument Disclosures Relating to Directors

As at 30 June 2016, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares held

2016

Director	Balance at 30 June 2015	Acquisitions/ Options Exercised	Disposals	Balance at 30 June 2016
Alan Schoenheimer	**25,000**	–	–	**25,000**
Paul Clitheroe **	**500,000**	–	–	**500,000**
Richard Morath	**30,000**	–	–	**30,000**
Anthony Patterson **	**2,000,001**	**25,916**	–	**2,025,917**
John Murray **	**1,000,000**	–	–	**1,000,000**
	3,555,001	**25,916**	–	**3,580,917**

2015

Director	Balance at 20 May 2015	Acquisitions/ Options Exercised	Disposals	Balance at 30 June 2015
Alan Schoenheimer	–	25,000	–	25,000
Paul Clitheroe **	–	500,000	–	500,000
Richard Morath	–	30,000	–	30,000
Anthony Patterson **	–	2,000,001	–	2,000,001
John Murray **	–	1,000,000	–	1,000,000
	–	3,555,001	–	3,555,001

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

Options held

2016

Director	Balance at 30 June 2015	Options Acquired	Vested	Balance at 30 June 2016
Alan Schoenheimer	**25,000**	**–**	**–**	**25,000**
Paul Clitheroe **	**500,000**	**–**	**–**	**500,000**
Richard Morath	**30,000**	**–**	**–**	**30,000**
Anthony Patterson **	**2,000,000**	**–**	**–**	**2,000,000**
John Murray **	**1,000,000**	**–**	**–**	**1,000,000**
	3,555,000	**–**	**–**	**3,555,000**

2015

Director	Balance at 20 May 2015	Options Acquired	Vested	Balance at 30 June 2015
Alan Schoenheimer	–	25,000	–	25,000
Paul Clitheroe **	–	500,000	–	500,000
Richard Morath	–	30,000	–	30,000
Anthony Patterson **	–	2,000,000	–	2,000,000
John Murray **	–	1,000,000	–	1,000,000
	–	3,555,000	–	3,555,000

** Held through indirect interests

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

The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

End of remuneration report

INSURANCE AND INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

The Company has paid premiums to insure each of the 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 the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 19 did not compromise the external auditor's independence for the following reasons:

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

A N Schoenheimer

Alan Schoenheimer
Chairman

Sydney
25 August 2016

AUDITOR'S INDEPENDENT DECLARATION

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WEALTH DEFENDER EQUITIES LIMITED
ABN 15 602 517 528

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Wealth Defender Equities Limited.

S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

25 August 2016

An independent New South Wales Partnership. ABN 17 795 780 962.
Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2016

	Note	30 June 2016 $	30 June 2015 $
Income			
Interest received		**117,481**	77,301
Dividends received		**5,165,678**	116,230
Realised (losses)/ gains on investments held for trading		**(1,718,686)**	1,024,552
Unrealised (losses)/ gains on investments held for trading		**(1,235,782)**	249,720
Sundry income		**71,784**	330
		2,400,475	1,468,133
Expenses			
Portfolio Administration fees		**(43,955)**	(13,265)
Management fees		**(1,133,198)**	(137,247)
Performance fees		**–**	(133,327)
Custodian fees		**(43,078)**	–
Operation services fees		**(56,631)**	–
Brokerage expenses		**(2,655)**	(9,085)
Share registry fees		**(56,985)**	(8,341)
Taxation service fees		**(33,968)**	(9,900)
Directors' insurance		**(62,210)**	–
Directors' fees		**(151,700)**	(65,286)
Legal fees		**(7,305)**	(1,061)
ASX fees		**(148,880)**	(27,007)
Accounting fees		**(65,142)**	–
Audit fees		**(40,843)**	(26,234)
Secretarial fees		**(48,584)**	–
Printing fees		**(25,905)**	–
Other expenses		**(14,899)**	(23,710)
		(1,935,938)	(454,463)
Profit before income tax		**464,537**	1,013,670
Income tax expense		**1,191,221**	(288,676)
Profit attributable to members of the Company		**1,655,758**	724,994
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Realised (losses)/gains on long-term equity investments		**(1,296,262)**	50,859
Revaluation of investments		**(8,262,837)**	(3,370,629)
Provision for tax benefit on revaluation of investments		**2,478,851**	1,011,189
Other comprehensive loss for the period		**(7,080,248)**	(2,308,581)
Total comprehensive (loss) for the period		**(5,424,490)**	(1,583,587)

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
From Continuing Operations			
Basic and diluted earnings per share	24	**1.32**	3.59

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	8	**9,497,650**	5,745,873
Trade and other receivables	9	**1,076,728**	523,723
Financial assets	10	**25,210**	797,307
Other assets	11	**34,517**	46,732
Total current assets		**10,634,105**	7,113,635
Non-current assets			
Financial assets	10	**97,938,097**	112,482,812
Deferred tax assets	12	**6,265,782**	2,120,422
Total non-current assets		**104,203,879**	114,603,234
Total assets		**114,837,984**	121,716,869
Liabilities			
Current liabilities			
Trade and other payables	13	**336,857**	536,159
Total current liabilities		**336,857**	536,159
Non-current liabilities			
Deferred tax liabilities	14	**39,496**	97,951
Total non-current liabilities		**39,496**	97,951
Total liabilities		**376,353**	634,110
Net Assets		**114,461,631**	121,082,759
Equity			
Issued Capital	15	**122,726,729**	122,666,346
Reserves	16	**(6,557,216)**	(1,583,587)
Accumulated Losses	16	**(1,707,882)**	–
Total Equity		**114,461,631**	121,082,759

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2016

	Issued Capital $	Capital Profits Reserve $	Asset Revaluation Reserve $	Profits Reserve $	(Accumulated Losses) $	Total $
Balance at 21 May 2015	–	–	–	–	–	–
Profit for the period	–	–	–	–	724,994	724,994
Other comprehensive loss for the period:						
Net unrealised losses for long-term equity investments	–	–	(2,308,581)	–	–	(2,308,581)
Total comprehensive loss for the period	–	–	(2,308,581)	–	724,994	(1,583,587)
Transfer of reserves	–	–	–	724,994	(724,994)	–
Gain on disposal of long-term equity investments	–	50,859	(50,859)	–	–	–
Transactions with equity holders in their capacity as owners:						
Shares issued, net of transaction costs	122,666,346	–	–	–	–	122,666,346
Balance at 30 June 2015	122,666,346	50,859	(2,359,440)	724,994	–	121,082,759
Profit for the year					1,655,758	1,655,758
Other comprehensive loss for the year:						
Net unrealised losses for long-term equity investments	–	–	(5,783,986)	–	–	(5,783,986)
Total comprehensive loss for the year	–	–	(5,783,986)	–	1,655,758	(4,128,228)
Transfer of reserves	–	–	–	3,363,640	(3,363,640)	–
(Loss) on disposal of long-term equity investments	–	(1,296,262)	–	–	–	(1,296,262)
Transactions with equity holders in their capacity as owners:						
Shares issued on options exercised	2,500	–	–	–	–	2,500
Shares issued on dividends reinvested	57,883	–	–	–	–	57,883
Dividends paid	–	–	–	(1,257,021)	–	(1,257,021)
Balance at 30 June 2016	**122,726,729**	**(1,245,403)**	**(8,143,426)**	**2,831,613**	**(1,707,882)**	**114,461,631**

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

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2016

	Note	For the year ended 30 June 2016 $	For the period 21 May 2015 to 30 June 2015 $
Cash flows from operating activities			
Interest received		**107,951**	73,078
Dividends received		**4,379,340**	9,368
Payment for other expenses		**(342,140)**	(440,581)
Management fees paid		**(1,248,905)**	–
Performance fees paid		**(143,083)**	–
Proceeds from sale of investments held for trading		**20,592,179**	2,502,995
Purchase of investments held for trading		**(22,774,550)**	(2,026,030)
Net cash provided by operating activities	23 (a)	**570,792**	118,830
Cash flows from investing activities			
Proceeds from sale of long-term equity investments		**78,642,819**	4,208,148
Purchase of long-term equity investments		**(74,265,196)**	(119,947,493)
Net cash provided by/(used in) investing activities		**4,377,623**	(115,739,345)
Cash flows from financing activities			
Proceeds from share issue, net of transaction costs		**–**	121,366,388
Shares issued on options exercised		**2,500**	–
Dividends paid		**(1,199,138)**	–
Net cash (used in)/provided by financing activities		**(1,196,638)**	121,366,388
Net increase in cash and cash equivalents held		**3,751,777**	5,745,873
Cash and cash equivalents at beginning of financial year		**5,745,873**	–
Cash and cash equivalents at end of financial year	8	**9,497,650**	5,745,873
Non cash financing activities			
Dividends reinvested	23(b)	**57,883**	–

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2016

1 GENERAL INFORMATION

Wealth Defender Equities Limited (the "Company") is a listed public company domiciled in Australia. The address of Wealth Defender Equities Limited registered office is C/– Perennial Value Management Limited, Level 27, 88 Phillip Street, Sydney. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities in Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Wealth Defender Equities Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 August 2016.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Company

The Company adopted AASB 9 *Financial Instruments Standard* which applies to annual reporting periods beginning from 1 January 2018 for the reporting period commencing 21 May 2015. AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. This Standard simplifies the classification of financial assets and allows for recognition of gains and losses on investments in long-term equity instruments that are not held for trading in other comprehensive income.

No other new accounting standards and interpretations that are available for early adoption but not yet adopted at 30 June 2016, will result in any material change in relation to the financial statements of the Company.

(iii) Historical cost convention

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.

(i) Investment income

The realised gains or losses on disposal of investments are recognised at the date of the transaction. Unrealised gains or losses of the financial assets held for trading is recognised on the Statement of Profit or Loss and unrealised gains or losses of long-term equity investments is recognised as other comprehensive income and taken to the Asset Revaluation Reserve on the Statement of Financial Position.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(iii) Interest income

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

(iv) Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Profit or Loss.

(c) Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade and other receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables. Dividends are accrued when the right to receive payment is established.

Sale of securities that are unsettled at reporting date is normally settled within three business days of the trade date.

(f) Financial assets and liabilities

Classification

(i) Financial instruments designated at fair value through profit or loss

These include financial assets that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of the financial assets held by the Company.

(ii) Long-term equity investments

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

(iii) Financial instruments held for trading

These include futures, forward contracts, options and interest rate swaps. Derivative financial instruments entered into by the Company do not meet the hedge accounting requirements as defined by the accounting standards. Consequently, hedge accounting is not applied by the Company.

Recognition and Derecognition

Financial assets and liabilities at fair value through profit or loss and long-term equity investments are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets are recognised on the date they originated.

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

Measurement

(i) Financial instruments designated at fair value through profit or loss

Financial assets held at fair value through profit or loss is measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the Statement of Profit or Loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

(ii) Long-term equity investments

Long-term equity investments are recognised initially at cost and the Company has elected to present subsequent changes in the fair value of the investments in the Statement of Other Comprehensive Income after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of the Company.

Determination of Fair Value

AASB 13 defines fair value as 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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company’s accounting policy on fair value measurements is discussed in Note 4.

Under AASB 13, if an investment has a bid price and an ask price, the price within the bid-ask spread that is more representative of fair value in the circumstances shall be used to measure fair value. Accordingly, the Company uses the last sale price as a basis of measuring fair value.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Purchases of securities and investments that are unsettled at the reporting date are included in payables and are normally settled within 3 business days of trade date.

(h) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred using the effective interest rate method.

(i) Issued capital

Ordinary shares are classified as equity.

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

(j) Dividends

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

In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

(k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) Functional and presentation currency

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

(o) Operating segments

The Company operated in Australia only and the principal activity is investing.

3 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of shares listed on the Australian stock exchange and derivatives. Other financial instruments include deposits with banks, accounts receivable and payable.

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

The Company is not materially exposed to currency risk as majority of its investments are quoted in Australian dollars.

(ii) Price risk

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

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

(iii) Cash flow and fair value interest rate risk

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

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

	Floating Interest rate $	Non-Interest bearing $	Total $
At 30 June 2016			
Financial assets			
Cash and cash equivalents [(i)]	**9,497,650**	**–**	**9,497,650**
Trade and other receivables	**–**	**1,076,728**	**1,076,728**
Financial assets available for sale	**–**	**97,938,097**	**97,938,097**
Financial assets held at fair value through profit or loss	**–**	**25,210**	**25,210**
Other assets	**–**	**34,517**	**34,517**
	9,497,650	**99,074,552**	**108,572,202**
Financial liabilities			
Trade and other payables	**–**	**(336,857)**	**(336,857)**
	–	**(336,857)**	**(336,857)**
	9,497,650	**98,737,695**	**108,235,345**
At 30 June 2015			
Financial assets			
Cash and cash equivalents [(i)]	5,745,873	–	5,745,873
Trade and other receivables	–	523,723	523,723
Financial assets available for sale	–	112,482,812	112,482,812
Financial assets held at fair value through profit or loss	–	797,307	797,307
Other assets	–	46,732	46,732
	5,745,873	113,850,574	119,596,447
Financial liabilities			
Trade and other payables	–	(536,159)	(536,159)
	–	(536,159)	(536,159)
	5,745,873	113,314,415	119,060,288

(i) The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2016 is 1.72% (2015: 0.94%).

Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to price risk and interest rate risk at the end of each reporting period. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in these risks.

	2016 $	2015 $
Price risk		
Held-for trading financial assets		
Change in Profit before tax		
– Increase in portfolio prices by 5%	**1,261**	39,865
– Decrease in portfolio prices by 5%	**(1,261)**	(39,865)
Long-term equity investments		
Change in Equity before tax		
– Increase in portfolio prices by 5%	**4,896,905**	5,624,141
– Decrease in portfolio prices by 5%	**(4,896,905)**	(5,624,141)
Interest rate risk		
Change in Profit before tax		
– Increase in interest rate by 0.5%	**47,488**	28,729
– Increase in interest rate by 0.5%	**(47,488)**	(28,729)
Change in Equity before tax		
– Increase in interest rate by 0.5%	**47,488**	28,729
– Decrease in interest rate by 0.5%	**(47,488)**	(28,729)

(b) Credit risk

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

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Company held no collateral as security or any other credit enhancements.

Management of the risk

The risk was managed as follows:

- cash is only invested with highly rated international financial institutions in Australia; and
- receivable balances are monitored on an ongoing basis and the Company has no debts past due orimpaired.

(c) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager monitors its cash-flow requirements daily in relation to the investing account taking into account upcoming dividends, tax payments and investing activity.

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Investment Manager.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Maturities of financial liabilities

The tables below analyse the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities at period end date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2016	Less than 1 month $	More than 1 month $	Total contractual undiscounted cash flows $
Non-derivatives			
Trade and other payables	**336,857**	**–**	**336,857**
Total non-derivatives	**336,857**	**–**	**336,857**

At 30 June 2015	Less than 1 month $	More than 1 month $	Total contractual undiscounted cash flows $
Non-derivatives			
Trade and other payables	536,159	–	536,159
Total non-derivatives	536,159	–	536,159

4 FAIR VALUE MEASUREMENTS

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

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL).
- Long-term equity investments.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2016.

At 30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Long-term equity investments				
– Shares in listed corporations	**97,938,097**	**–**	**–**	**97,938,097**
Held-for-trading financial assets				
– Derivatives	**25,210**	**–**	**–**	**25,210**
Total financial assets	**97,963,307**	**–**	**–**	**97,963,307**

At 30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Long-term equity investments				
– Shares in listed corporations	112,482,812	–	–	112,482,812
Held-for-trading financial assets				
– Derivatives	797,307	–	–	797,307
Total financial assets	113,280,119	–	–	113,280,119

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting year, excluding transaction costs.

There were no transfers between levels for recurring fair value measurements during the year.

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

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key judgements

(i) Deferred tax asset

Deferred tax asset has been recognised on unused tax losses on the basis that the Company will generate future taxable profits to utilise the tax losses.

6 SEGMENT INFORMATION

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its trading portfolio.

7 INCOME TAX EXPENSE/(BENEFIT)

(a) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2016 $	2015 $
Profit from continuing operations before income tax expense	**464,537**	1,013,670
Tax at the Australian tax rate of 30.0%	**139,361**	304,101
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Franking credits on dividends received	**(1,589,774)**	(7,937)
– Foreign tax credits on dividends received	**2,137**	422
– Imputation credit gross up	**485,521**	2,381
– Accrued dividend receivable	**(228,466)**	(10,291)
Income tax (benefit)/expense	**(1,191,221)**	288,676
The effective tax rates are as follows:	**(256.43%)***	28.48%

* A negative effective tax rate reflects franking credits on dividends received, which exceed tax on taxable income for the year. These franking credits are available to the Company to offset against future tax on taxable income.

The income tax expense results in a:

	2016 $	2015 $
Current tax liability	**–**	–
Deferred tax liability	**(58,455)**	97,951
Deferred tax asset	**(1,132,766)**	190,725
Income tax (benefit)/expense	**(1,191,221)**	288,676

(b) Amounts recognised directly in equity

Aggregate deferred tax arising in the reporting year and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

Unrealised losses on long-term equity investments	**2,478,851**	1,011,189
Realised losses on long-term equity investments	**533,743**	–
Transaction costs on equity issue	**–**	1,299,958
Net deferred tax – charged/(credited) directly to equity	**3,012,594**	2,311,147

8 CASH AND CASH EQUIVALENTS

Current		
Cash at bank and financial institutions	**9,497,650**	5,745,873

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Balances as above	**9,497,650**	5,745,873

(b) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with the following financial institutions:	**Standard & Poor's Rating**
Commonwealth Bank of Australia	A
Credit Suisse	A-1

9 TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Dividends and distributions receivable	**893,201**	106,862
Interest receivable	**13,753**	4,223
GST receivable	**80,800**	288,328
Other receivable	**88,974**	124,310
	1,076,728	523,723

Receivables are non-interest bearing and unsecured.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

10 FINANCIAL ASSETS

	Note	2016 $	2015 $
Current & Non-Current			
Current – Held-for-trading financial assets	10(a)	**25,210**	797,307
Non-Current – Long-term equity investments	10(b)	**97,938,097**	112,482,812
Total securities		**97,963,307**	113,280,119

(a) Financial assets held-for-trading comprise:

	2016 $	2015 $
Derivative Instruments	**25,210**	797,307

(b) Long-term equity investments:

Shares in listed corporations	**97,938,097**	112,482,812

During the year, the total fair value of investments sold in the normal course of the business and to preserve capital were $78,642,819 (2015: $4,208,148), and total dividends received on these investments sold were $392,263 (2015: $0) which are included in the Statement of Profit or Loss and Other Comprehensive Income.

11 OTHER ASSETS

Current		
Prepayments	**34,517**	46,732

12 DEFERRED TAX ASSETS

	2016 $	2015 $
The balance comprises temporary differences attributable to:		
Capitalised expense deduction	**779,974**	1,039,966
Accrued expenses	**85,259**	10,824
Tax loss	**1,614,690**	58,443
Unrealised losses in movement in market value of derivatives	**295,819**	–
Unrealised losses in movement in market value of investments	**3,490,040**	1,011,189
	6,265,782	2,120,422
Movements:		
Opening balance	**2,120,422**	–
Credited/(charged) to profit or loss	**1,132,766**	(190,725)
Credited directly to equity	**3,012,594**	2,311,147
Closing balance	**6,265,782**	2,120,422

13 TRADE AND OTHER PAYABLES

Current		
Management fees payable	**114,499**	147,289
Performance fees payable	**–**	143,083
Other payables	**222,358**	245,787
	336,857	536,159

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

14 DEFERRED TAX LIABILITIES

Non-current		
The balance comprises temporary differences attributable to:		
Net unrealised gains on financial assets	**–**	74,916
Other temporary differences	**39,496**	23,035
	39,496	97,951
Movements:		
Opening balance	**97,951**	–
(Credited)/charged to profit or loss	**(58,455)**	97,951
Closing balance	**39,496**	97,951

15 ISSUED CAPITAL

(a) Share capital

	2016 $	2015 $
Ordinary shares – issued capital	**122,726,729**	122,666,346

(b) Movements in ordinary share capital

Date	Details		No of shares	$
30 June 2015	Opening Balance		125,699,581	122,666,346
	Shares issued on options exercised	(d)	2,500	2,500
	DRP shares issued for dividend	(e)	75,010	57,883
	Cost of issued capital		–	–
30 June 2016	Closing balance		**125,777,091**	**122,726,729**

(c) 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.

(d) Shares issued on options exercised

The Company's loyalty options, which vested on 23 November 2015, have been quoted by ASX and commenced trading on 2 December 2015 (ASX: WDEO). The Loyalty Options are exercisable at $1.00 and expire on 23 November 2016.

(e) Dividend reinvestment plan

The Company declared a fully-franked inaugural dividend of 1.0 cent per share, which was paid on 29 April 2016.

In conjunction with the Company's inaugural dividend, the Directors of the Company also announced the commencement of the Company's Dividend Reinvestment Plan ("DRP"). This operated in conjunction with the payment of the inaugural dividend.

In relation to the 2016 interim dividend, the DRP operated as follows:

- the allocation price at which new shares were issued included a 2.5% discount;
- the pricing period for setting the volume weighted average market price shares of shares sold on the ASX in the 5 trading days commencing on 11 April and ended on 15 April 2016; and
- shares allocated under the DRP will from the date of allocation, rank equally in all aspects with existing Shares.

The DRP discount and other terms will be reviewed prior to each dividend payment and the DRP terms that would apply to any future dividends would be announced to the ASX at the relevant times.

A participant may at any time terminate participation in the plan by notice in writing to the Company.

Subsequent to year-end, the Company declared a fully franked dividend of 2.0 cents per share to be paid on Friday, 30 September 2016. The Directors of the Company also announced that the Company's Dividend Reinvestment Plan ("DRP") would operate in conjunction with the payment of this dividend.

(f) Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged.

To achieve this, the Board of Directors monitor the monthly NTA results, investment performance and share price movements.

The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

16 RESERVES AND RETAINED EARNINGS

(a) Reserves

	2016 $	2015 $
(i) Capital Profits Reserve	**(1,245,403)**	50,859
(ii) Asset Revaluation Reserve	**(8,143,426)**	(2,359,440)
(iii) Profits Reserve	**2,831,613**	724,994
	(6,557,216)	(1,583,587)

(i) Capital Profits Reserve

The reserve records gains or losses arising from disposal of long-term equity investments.

Movements in capital profits reserve were as follows:		
Opening balance	**50,859**	–
Realised (losses)/gains on disposal of investments	**(1,296,262)**	50,859
	(1,245,403)	50,859

(ii) Asset Revaluation Reserve

The reserve records revaluations of long-term equity investments.

Movements in asset revaluation reserve were as follows:		
Opening balance	**(2,359,440)**	–
Revaluation of investments	**(5,783,986)**	(2,359,440)
	(8,143,426)	(2,359,440)

(iii) Profits Reserve

The reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

	2016 %	2015 $
Movements in profits reserve were as follows:		
Opening balance	**724,994**	–
Transfer from retained earnings	**3,363,640**	724,994
Dividends paid	**(1,257,021)**	–
	2,831,613	724,994

(b) (Accumulated Losses)

Movements in (accumulated losses) were as follows:		
Opening balance	**–**	–
Net profit for the period	**1,655,758**	724,994
Transfer (to) profits reserve	**(3,363,640)**	(724,994)
	(1,707,882)	–

17 DIVIDENDS

A fully-franked interim dividend of 1.0 cents per share was paid on 29 April 2016. Option holders who elect to exercise all or part of their options by the close of business on 1 April 2016 was entitled to receive the fully-franked dividend.

Dividend franking account		
Opening balance of franking account	**7,937**	–
Dividend paid	**(538,723)**	–
Franking credits on dividends received	**1,933,568**	–
Closing balance of franking account	**1,402,782**	–
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends after year end	**–**	7,937
Adjusted franking account balance	**1,402,782**	7,937
Impact on the franking account of dividends proposed or declared before the financial report authorised for issue but not recognised as a distribution to equity holders during the year *	**(1,078,089)**	–
Franking credits available for subsequent reporting years based on a tax rate of 30.0%	**324,693**	7,937

* The dividend to be paid on 30 September 2016 will utilise $1,078,089 of the above franking credits based on the current shares on issue (assuming no options are exercised prior to record date).

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

18 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2016 %	2015 $
Short-term employee benefits	**147,796**	63,606
Post-employment benefits	**3,904**	1,680
	151,700	65,286

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 11.

(b) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company that were held during the financial year by each Director and other key management personnel of the Company, including their personally related parties, are set out below:

2016	Balance at 30 June 2015	Granted	Exercised	Balance at 30 June 2016
Name				
Director				
Alan Schoenheimer	25,000	–	–	**25,000**
Paul Clitheroe **	500,000	–	–	**500,000**
Richard Morath	30,000	–	–	**30,000**
Anthony Patterson **	2,000,000	–	–	**2,000,000**
John Murray **	1,000,000	–	–	**1,000,000**
	3,555,000	–	–	**3,555,000**

2015	Balance at 25 May 2015	Granted	Exercised	Balance at 30 June 2015
Name				
Director				
Alan Schoenheimer	–	25,000	–	25,000
Paul Clitheroe **	–	500,000	–	500,000
Richard Morath	–	30,000	–	30,000
Anthony Patterson **	–	2,000,000	–	2,000,000
John Murray **	–	1,000,000	–	1,000,000
	–	3,555,000	–	3,555,000

** held through indirect interests

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting year as compensation.

2016	Balance at 30 June 2015	Net movement	Balance at 30 June 2016
Director			
Alan Schoenheimer	25,000	–	**25,000**
Paul Clitheroe **	500,000	–	**500,000**
Richard Morath	30,000	–	**30,000**
Anthony Patterson **	2,000,001	25,916	**2,025,917**
John Murray **	1,000,000	–	**1,000,000**
	3,555,001	25,916	**3,580,917**

2015	Balance at 20 May 2015	Net movement	Balance at 30 June 2015
Director			
Alan Schoenheimer	–	25,000	**25,000**
Paul Clitheroe **	–	500,000	**500,000**
Richard Morath	–	30,000	**30,000**
Anthony Patterson **	–	2,000,001	**2,000,001**
John Murray **	–	1,000,000	**1,000,000**
	–	3,555,001	**3,555,001**

** held through indirect interests

19 REMUNERATION OF AUDITORS

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

	For the year ended 30 June 2016 $	For the period 21 May 2015 to 30 June 2015 $
Pitcher Partners		
Audit and other assurance services		
– Audit and review of financial statements	**40,843**	26,235
Other assurance services		
– Other assurance	**1,155**	70,566
– Other non-assurance	**–**	6,909
Total remuneration for audit and other assurance services	**41,998**	103,710
Taxation services		
– Tax compliance services	**32,747**	9,900
Total remuneration of Pitcher Partners	**74,745**	113,610

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

20 CONTINGENCIES

The Company had no contingent liabilities at 30 June 2016.

21 RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

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

Anthony Patterson and John Murray are both Directors of Perennial Value Management Limited ("Perennial Value"), the entity appointed to manage the investment portfolio of the Company. Perennial Value, in its capacity as Manager, earned management fees amounting to $1,133,198 (inclusive of GST but net of reduced input tax credit) for the year (2015: $137,247).

The management fee is calculated at 0.98% per annum. (plus GST) of the first $250 million of the net asset value of the portfolio and 0.8% per annum, thereafter.

As at 30 June 2016, the balance payable to the Manager was $114,499 (2015: $147,289) (including GST).

In addition, Perennial Value is to be paid, annually in arrears, a performance fee of 15% (exclusive of GST) of the portfolio's outperformance of the benchmark over the performance calculation period, calculated using the following:

Performance Fee = ((CV-PV) – (BI x PV)) x 0.15

Where

- CV is the net asset value of the portfolio before all taxes and current performance fee accrual calculated on the last business day of the relevant performance calculation period;
- PV is the net asset value of the portfolio before all taxes and current performance fee accrual calculated on the last business day of the immediately preceding performance calculation period, or in the case of the first performance calculation period, the net asset value of the portfolio before all taxes at listing; and
- BI is the increase in the benchmark over the performance calculation period expressed as percentage. The benchmark is the S&P/ASX 300 Accumulation Index.

If the amount calculated using the formula above is a negative number, no performance fee is payable in respect of that performance calculation period. Where the amount calculated is a negative, it is to be carried forward to the following performance calculation period(s) until it has been recouped in full against future performance fees payable.

There was no performance fee earned by the Manager during the year ended 30 June 2016 (2015: $143,083).

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

22 EVENTS OCCURRING AFTER THE REPORTING YEAR

Subsequent to year-end, the Company declared a final fully-franked dividend of 2.0 cents per share to be paid on Friday, 30 September 2016.

This brings the total dividends paid for the last 12 months to 3.0 cents per share.

Apart from the dividends declared subsequent to year-end, no other matter or circumstance has occurred subsequent to year 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 years.

23 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2016 $	2015 $
Profit for the year	**1,655,758**	724,994
Unrealised losses/(gains) on market value movement	**1,235,782**	(249,720)
Change in operating assets and liabilities:		
– (Increase) in trade and other receivables	**(795,866)**	(399,414)
– Decrease/(Increase) in other assets	**12,215**	(46,732)
– (Decrease)/Increase in trade and other payables	**117,812**	348,613
– (Increase) in investments held-for-trading	**(463,685)**	(547,587)
– (Decrease)/Increase in deferred taxes	**(1,191,224)**	288,676
Net cash inflow from operating activities	**570,792**	118,830

(b) Non-cash financing activities

Dividends reinvested	**57,883**	–

24 EARNINGS PER SHARE

(a) Basic and diluted earnings per share

	2016 Cents	2015 Cents
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	**1.32**	3.59

Diluted earnings per share are the same as basic earnings per share. The Company currently has outstanding options which have the potential to convert to ordinary shares, but as the average share price during the year is not in excess of the option exercise price, they are currently not dilutive in amount and therefore they are not considered for the diluted earnings per share calculation.

(b) Weighted average number of shares used as denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**125,711,498**	20,192,705

25 HOLDINGS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The following holdings are valued at fair value through other comprehensive income.

	Market Value 30 June 2016 $	Market Value 30 June 2015 $
Commonwealth Bank of Australia	**7,247,728**	7,877,845
Telstra Corporation Limited	**6,555,023**	6,239,136
Westpac Banking Corporation	**6,195,168**	9,315,720
BHP Billiton Limited	**5,654,792**	8,164,880
National Australia Bank Limited	**5,297,857**	9,118,279
Australia & New Zealand Banking Group Limited	**4,909,674**	5,977,222
Wesfarmers Limited	**4,205,808**	1,110,364
Woolworths Limited	**3,458,987**	2,320,285
Woodside Petroleum Limited	**3,355,778**	3,394,555
Westfield Corporation	**3,031,544**	–
AMP Limited	**3,012,289**	2,842,692
Macquarie Group Limited	**2,843,503**	2,612,859
QBE Insurance Group Limited	**2,544,013**	3,227,460
Rio Tinto Limited	**2,519,380**	3,084,928
Stockland Property Trust	**2,255,327**	1,904,331
Suncorp-Metway Limited	**2,115,508**	–
Lendlease Group	**1,888,186**	1,491,592
Graincorp Limited	**1,813,344**	1,465,865
Harvey Norman Holdings Limited	**1,743,313**	2,111,740
Crown Limited	**1,729,613**	1,850,045
Washington H. Soul Pattinson and Company Limited	**1,636,658**	147,020
Newscorp Class B CDI	**1,406,802**	797,197
Resmed Inc.	**1,405,431**	–
Downer EDI Limited	**1,388,539**	1,539,456
Aristocrat Leisure Limited	**1,230,863**	1,012,386
Flight Centre Limited	**1,100,500**	716,515
AGL Energy Limited	**1,039,731**	3,101,836
Boral Limited	**940,588**	1,841,182
Event Hospitality and Entertainment Limited (formerly Amalgamated Holdings Limited)	**916,988**	1,282,077
CYBG PLC CDI	**877,697**	–
Gateway Lifestyle Group	**819,968**	215,287
Brickworks Limited	**817,788**	1,046,440
Navitas Limited	**728,743**	–
Henderson Group PLC	**687,731**	991,696
Sims Group Limited	**665,419**	1,086,546

	Market Value 30 June 2016 $	Market Value 30 June 2015 $
APN News & Media Limited	**604,166**	318,562
Australian Worldwide Exploration	**595,596**	392,706
Amcor Limited	**528,522**	–
Orica Limited	**510,215**	1,270,373
Fantastic Holdings Limited	**387,720**	317,596
AVJennings Limited	**369,761**	416,586
Melbourne IT Limited	**338,161**	198,703
Emerchants Limited	**327,026**	141,855
Smartgroup Corporation Limited	**312,886**	162,567
HFA Holdings Limited	**288,755**	402,213
Tox Free Solutions Limited	**254,421**	266,808
Evolution Mining Limited	**240,090**	–
Skydive The Beach Group Limited	**229,539**	76,633
Aveo Group	**219,294**	258,142
Thorn Group Limited	**203,338**	277,297
GUD Holdings Limited	**201,121**	–
Intecq Limited	**200,135**	–
QMS Media Limited	**196,877**	105,186
Independence Group NL	**193,195**	–
Myer Holdings Limited	**188,959**	415,509
Ridley Corporation Limited	**183,953**	55,166
Sealink Travel Group Limited	**183,629**	132,405
Capral Aluminium Limited	**174,434**	126,821
Vitaco Holdings Limited	**166,077**	–
Breville Group Limited	**155,837**	–
Runge Limited	**150,370**	159,034
Collins Foods Limited	**148,769**	–
LifeHealthcare Group Limited	**147,672**	175,889
Automotive Holdings Group Limited	**143,579**	–
Sino Gas & Energy Holdings Limited	**135,354**	110,202
Australian Agricultural Company	**130,647**	–
Prime Media Group Limited	**120,072**	219,034
Pacific Energy Limited	**119,747**	78,181
NZME Limited	**113,963**	–
Infomedia Limited	**110,596**	–
Global Construction Services Limited	**99,053**	76,440
A2 Milk Company Limited	**98,445**	–
National Veterinary Care Limited	**97,338**	–
Mint Payments Limited	**95,065**	–

	Market Value 30 June 2016 $	Market Value 30 June 2015 $
Pulse Health Limited	**94,558**	89,135
Nufarm Limited	**92,891**	57,536
Galaxy Resources Limited	**90,987**	–
Vocus Communications Limited	**90,908**	–
Ardent Leisure Trust Group	**83,258**	–
Australian Pharmaceutical Limited	**76,422**	–
Tower Limited	**59,703**	244,419
Austex Oil Limited	**57,306**	118,927
Sundance Energy Australia Limited	**55,759**	113,307
Simonds Group Limited	**54,462**	237,563
Beach Energy Limited	**52,375**	–
Southern Cross Media Group Limited	**48,396**	–
Steadfast Group Limited	**40,029**	–
Tassal Group Limited	**36,385**	–
Asciano Limited	**–**	2,995,207
Origin Energy Limited	**–**	2,843,258
Coca-Cola Amatil Limited	**–**	1,493,527
Iluka Resources Limited	**–**	1,476,073
CIMIC Group Limited	**–**	1,327,207
Ansell Limited	**–**	1,143,215
Fairfax Media Limited	**–**	1,090,064
Newcrest Mining Limited	**–**	956,475
Bluescope Steel Limited	**–**	806,154
Orora Limited	**–**	798,330
South32 Limited	**–**	711,149
Sandfire Resources NL	**–**	581,842
Regis Resources Limited	**–**	221,672
ISelect Limited	**–**	177,160
G8 Education Limited	**–**	157,852
Whitehaven Coal Limited	**–**	149,022
Super Retail Group Limited	**–**	125,172
MMA Offshore Limited	**–**	115,762
Sky City Entertainment Group Limited	**–**	112,927
Panoramic Resources Limited	**–**	112,468
AMA Group Limited	**–**	80,912
Greencross Limited	**–**	78,137
GDI Property Group Limited	**–**	26,990
Total	**97,938,097**	112,482,812

DIRECTORS' DECLARATION

FOR THE PERIOD ENDED 30 JUNE 2016

In accordance with a resolution of the Directors of Wealth Defender Equities Limited, the Directors of the Company declare that:

(a) the financial statements and notes, as set out on pages 14 to 35, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards, which as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

  (ii) 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

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

(c) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

Alan Schoenheimer
Chairman

Sydney
25 August 2016

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEALTH DEFENDER EQUITIES LIMITED
ABN 15 602 517 528

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of Wealth Defender Equities Limited 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 control 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 that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 controls. 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.

We believe that the audit evidence we have 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*.

Pitcher Partners

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEALTH DEFENDER EQUITIES LIMITED
ABN 15 602 517 528

Opinion

In our opinion:

a) the financial report of Wealth Defender Equities Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 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 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 pages 9 to 11 of the directors' report for the year ended 30 June 2016. The directors of Wealth Defender Equities Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Wealth Defender Equities Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001.*

S M Whiddett

S M WHIDDETT
Partner

25 August 2016

Pitcher Partners

PITCHER PARTNERS
Sydney

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 26 July 2016.

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

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares		
Holding	No of Shareholders	Shares	Percentage
1 – 1,000	14	6,236	0.01
1,001 – 5,000	377	1,235,517	0.97
5,001 – 10,000	374	3,431,437	2.73
10,001 – 100,000	1,726	66,139,638	52.59
100,001 and over	197	54,964,263	43.70
	2,688	125,777,091	100.00

There were 11 holders of less than a marketable parcel of ordinary shares holding a total of 3,236 shares.

Analysis of numbers of option holders by size of holding:

	Class of equity security Loyalty Options		
Holding	No of Option Holders	Options	Percentage
1 – 1000	–	–	–
1,001 – 5,000	455	1,546,104	1.33
5,001 – 10,000	380	3,651,780	3.15
10,001 – 100,000	1,636	64,266,855	55.45
100,001 and over	157	46,441,223	40.07
	2,628	115,905,962	100.00

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

Name	A/C Designation	26 July 2016	%IC
R & R Corbett Pty Limited	<R C Corbett Family A/C>	5,000,000	3.98
RBC Investor Services Australia Pty Limited	<VFA A/C>	3,901,637	3.10
Moya Pty Limited	<JAAM>	2,000,000	1.59
Egmont Pty Limited	<Craig Carter Super Fund A/C>	1,500,000	1.19
A & E Patterson Investments Pty Limited	<A & E Patterson S/F A/C>	1,012,958	0.81
Patterson Family Holdings Pty Limited		1,012,958	0.81
Nandaroo Pty Limited		1,000,000	0.80
Mr Walter Lawton & Mr Brett Lawton	<Walter & Jan Lawton S/F A/C>	900,000	0.72
Angueline Capital Pty Limited		700,030	0.56
Ms Gweneth Joy Mcintyre & Ms Glenice Kay Gronow	<GJ Mcintyre Pension A/C>	640,000	0.51
Puhiga Pty Limited	<Puhiga Super Fund A/C>	640,000	0.51
Mr Angus Youngman Graham & Mrs Helen Kay Graham	<A Y Graham Fam Sett S/F A/C>	622,324	0.49
Puharic Pty Limited	<Porich Super Fund A/C>	600,000	0.48
Borg Acquisitions Pty Limited	<Borg Acquisition A/C>	594,000	0.47
Richjeca Pty Limited	<Richjeca A/C>	570,000	0.45
Kelrill Pty Limited		500,000	0.40
Angueline Capital Pty Limited		500,000	0.40
Dr Abraham Phillip Dorevitch & Mrs Vera Dorevitch	<A + V Dorevitch S/F A/C>	451,783	0.36
Manatee Pty Limited	<Longwave Super Fund A/C>	442,000	0.35
Australian Executor Trustees Limited	<No 1 Account>	430,000	0.34
Indiginata Investments Pty Limited	<Indiginata Super Fund A/C>	417,500	0.33
J P Morgan Nominees Australia Limited		405,000	0.32
JWH Nominees Pty Limited	<Hunt Investment A/C>	400,000	0.32
Bond Street Custodians Limited	<MKB1 – V20867 A/C>	400,000	0.32
Bond Street Custodians Limited	<MABATT – D00114 A/C>	400,000	0.32
		25,040,190	**19.91**

C. OPTION HOLDERS

Twenty largest option holders

Name	A/C Designation	26 July 2016	%IC
R & R Corbett Pty Limited	<R C Corbett Family A/C>	5,000,000	4.31
Moya Pty Limited	<JAAM>	2,000,000	1.73
Egmont Pty Limited	<Craig Carter Super Fund>	1,500,000	1.29
Mr Robert Ometo		1,462,000	1.26
HSBC Custody Nominees (Australia) Limited		1,163,723	1.00
Nandaroo Pty Limited		1,000,000	0.86
Patterson Family Holdings Pty Limited		1,000,000	0.86
A & E Patterson Investments Pty Limited	<A & E Patterson S/F A/C>	1,000,000	0.86
Mr Walter Lawton & Mr Brett Lawton	<Walter & Jan Lawton S/F A/C>	900,000	0.78
Richjeca Pty Limited	<Richjeca A/C>	700,000	0.60
Puhiga Pty Limited	<Puhiga Super Fund A/C>	640,000	0.55
Puharic Pty Limited	<Porich Super Fund A/C>	600,000	0.52
HSBC Custody Nominees (Australia) Limited – A/C 2		600,000	0.52
JP Morgan Nominees Australia Limited		595,000	0.51
Mr Angus Youngman Graham & Mrs Helen Kay Graham	<A Y Graham Fam Sett S/F A/C>	595,000	0.51
Lawler Super Pty Limited	<Kalimnah Super Fund A/C>	520,000	0.45
Mrs Marjorie Davis		500,000	0.43
Kelrill Pty Limited		500,000	0.43
Australian Executor Trustees Limited	<No 1 Account>	470,000	0.41
Ms Gweneth Joy Mcintyre & Ms Glenice Kay Gronow	<GJ Mcintyre Pension A/C>	450,000	0.39
Mr Nektarios Georgiou & Mrs Georgia Georgiou		418,000	0.36
Bond Street Custodians Limited	<MKB1 – V20867 A/C>	400,000	0.35
Bond Street Custodians Limited	<Mabatt – D00114 A/C>	400,000	0.35
JWH Nominees Pty Limited	<Hunt Investment A/C>	400,000	0.35
Borg Acquisitions Pty Limited	<Borg Acquisition A/C>	400,000	0.35
Indiginata Investments Pty Limited	<Indiginata Super Fund A/C>	350,000	0.30
R Pickles Superannuation Pty Limited	<The R Pickles Super Fund A/C>	350,000	0.30
Brogan Super Pty Limited	<Brogan Family Super Fund A/C>	320,000	0.28
Leafy Pty Limited	<Angophora A/C>	300,000	0.26
Mrs Lynette Joy Herriot & Mrs Tracey Joy Moulds	<The L J Herriot S/F A/C>	300,000	0.26
Lintern Pty Limited	<LEP Super Fund A/C>	300,000	0.26
Pacific Development Corporation Pty Limited		300,000	0.26
Sandra Marder		300,000	0.26
		25,733,723	**22.20**

D. SUBSTANTIAL HOLDERS

There are no substantial shareholders.

E. VOTING RIGHTS

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

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

F. STOCK EXCHANGE LISTING

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

G. UNQUOTED SECURITIES

There are no unquoted shares.

H. SECURITIES SUBJECT TO VOLUNTARY ESCROW

There are no securities subject to voluntary escrow.

I. BROKERAGE

During the year ended 30 June 2016, the Company recorded 2,706,500 transactions (2015: 19,096,427) in securities. Total brokerage paid and accrued was $615,532.69 (2015: $88,789.10) for the year.

J. ON MARKET BUY-BACK

There is currently no on market buy-back.

CORPORATE DIRECTORY

DIRECTORS

Alan Schoenheimer
Chairman and Non Executive Director

Paul Clitheroe
Non Executive Director

Richard Morath
Non Executive Director

Anthony Patterson
Executive of the Manager and Director

John Murray
Executive of the Manager and Director

SECRETARY

Sarah Prince
Company Matters Pty Ltd
Level 12
680 George Street
Sydney NSW 2000

INVESTMENT MANAGER (“MANAGER”)

Perennial Value Management Limited
Level 27
88 Phillip Street
Sydney NSW 2000
Ph: (02) 8274 7777

AUDITORS

Pitcher Partners
Level 22
MLC Centre
19 Martin Place
Sydney NSW 2000
Ph: (02) 9221 2099

REGISTERED OFFICE

Level 27
88 Phillip Street
Sydney NSW 2000
Telephone: 1800 645 202

SHARE REGISTRAR

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone: 1300 554 474

STOCK EXCHANGE

Australian Securities Exchange (ASX)
The home exchange is Sydney
ASX code: WDE Ordinary Shares
ASX code: WDEO Options

Wealth
Defender
Equities